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KURDS

Waiting for the final withdrawal

Page 17

World News

Bush choice of CIA chief faces trouble in Senate

The nomination of Robert Gates, President George Bush's choice as director of the Central Intelligence Agency, appears to be in trouble. Senate confirmation hearings face delay because of fresh material pointing to an official cover-up of the Iran-Contra scandal. Page 18

Jeddah crash kills 261

All 261 people on a chartered Canadian DC-8 carrying Moslem pilgrims home to Nigeria *from Mecca* were killed when the jet crashed in flames at Jeddah, Saudi Arabia, while trying to make an emergency landing. Page 4

Kuwait blasts injure 50

A series of munitions explosions rocked the US Camp Doha military complex near Kuwait City, injuring 44 American and six British soldiers. Fires raged through ammunition dumps for at least three hours. Picture, Page 4

Italy to cut pensions

A controversial plan to reduce Italy's budget deficit by reining back on pensions passed its first hurdle with approval by the cabinet. Italian pensions are among the world's most generous.

Vichy man gets bail

A French appeal court ordered Paul Touvier, 76, former Vichy police chief expected to face trial for wartime crimes *against humanity*, to be freed on probation. He is suffering from cancer.

US extradition bid fails

Canada's Supreme Court dismissed a request from the US to reopen its extradition request for two Quebec men accused of hijacking a New York-Miami flight to Cuba in 1969.

Israeli bankers on trial

Sixteen banking officials and four banking groups blamed for a collapse in their share prices, went on trial in Jerusalem eight years after a crash that cost the Israeli government $7bn. Page 4

Missile near crash site

A UK salvage team found part of a Nato sea-to-air missile in the wreckage of a downed Italian DC-9 jet north of Sicily, re-opening the long-running mystery of why the aircraft crashed in June 1980, killing 81 people. Page 2

Soviet wives protest

About 500 wives of Soviet servicemen staged a sit-in on the runway of an air base in east Germany to protest at their husbands' transfer to a nuclear test site in their homeland, a Berlin newspaper reported.

Four jailed in Kenya

Kenyan police fired tear gas to disperse a crowd trying to get into a Nairobi court where four people were sentenced to seven years in jail for plotting the overthrow of President Daniel arap Moi.

Saving the sea turtle

One of Germany's largest tour operators is to stop booking holidaymakers into beach hotels on the Greek island of Zakynthos to help protect nesting sites of endangered sea turtles.

Business Summary

Time Warner backs down on $3.6bn rights issue

Time Warner, US publishing and entertainment group, is looking at new ways of raising equity after a planned $3.6bn rights issue came under fire from shareholders and the Securities and Exchange Commission. Page 19

JAPAN'S TRADE surplus with the European Community rose 48 per cent to $2.35bn in June. Imports of EC-made cars were 27 per cent lower. Page 4

TOYOTA of Japan is to market car by Germany's Volkswagen through its Japanese dealer network. The deal covers VW and Audi cars. Page 6

AUDI, German car maker, raised interim pre-tax profits 46 per cent to about DM350m ($194m) on turnover 18 per cent up at DM7.1bn. Page 19

VOLKSWAGEN of Germany joined the round of UK car price-cuts launched by Ford. VW is cutting prices on three models until the end of August.

DELTA AIR LINES is paying $260m for the remaining European assets and East Coast shuttle operation of ailing fellow US airline Pan Am, which filed for bankruptcy protection in January. Page 19

GUINNESS, UK drinks group, is buying Glenmore Distilleries of Louisville, Kentucky, in a deal worth $161m (£101m). Page 20

TNT, *troubled Australian* transport group, had its debt downgraded four notches to B plus by credit agency Australian Ratings. Page 21

HONG KONG is to implement a tough new law against *insider trading on September* 1. Those found guilty will be barred from company directorship of management for up to five years. Page 21; Probe call fails in HK, Page 4

ADT, UK car auction group, saw its shares shed 21 per cent to 480p on anxiety about trading after Wednesday's statement by Laidlaw of Canada, which owns 28.4 per cent of ADT. Page 19; Lex, Page 18

J.P.MORGAN, New York bank group, unveiled April-June profits of $231m – 12 per cent up on the second quarter of 1990. Page 21

SIR RON BRIERLEY has sold about 25m shares in Brierley Investment, New Zealand-based investment and trading company he founded. The sale represents about a third of Sir Ron's holding. Page 21

LONRHO's legal battle to wrest control of House of Fraser from the Fayed brothers took another twist when the international trading group issued new writs against the stores group's owners alleging conspiracy to injure. Page 10

SOVIET OIL exports are set to fall by at least 25 per cent next year, a Soviet minister warned. Recent independent estimates put this year's level at some 2.4m barrels a day. Page 26

AMERICAN PRICES: Technical problems meant that it was not possible to update share prices in the US and Canada fully for this edition. Some European bourses were also affected.

G7 may back Brazil's $1.5bn debt-for-nature swap

By Rachel Johnson and Stephen Fidler in London

LEADERS of the Group of Seven biggest industrialised countries are expected to back a controversial $1.5bn project for the conservation of Brazilian rainforests at the London economic summit next week.

Approval from G7 would *entail the largest debt-for-nature* swap so far undertaken – with the exception of current negotiations over Polish debt – and would be the first of its kind in Brazil.

Up until three weeks ago, Brazil refused to consider swaps on the grounds that such programmes required an unacceptable loss of economic sovereignty.

Debt-for-nature swaps involve the cancellation of a country's foreign debt in return for the provision by the debtor government of local currency or other concessions for *environmental purposes.*

Such swaps have only been in existence for five years. The biggest so far involved $9m of Ecuadorean debt in 1989.

The Brazilian swap would involve $500m of bank or official debt over a period of five years.

Summit leaders are keen to launch the rainforest project in time for the Earth Summit in Rio next June.

Such a move would be seen as concrete evidence that the world's biggest economies can co-operate with – rather than dictate to – developing countries on environmental issues.

To that end, the G7 commissioned the project at its Houston meeting last summer. It has been carried out by the EC, the World Bank, and the Brazilian government.

All of these, together with the G7 and private-sector companies, will be invited to donate funds not covered by the swaps.

Mr John Major, the UK prime minister, yesterday highlighted the importance of the London summit's environmental agenda and made a plea for all G7 leaders to attend the Rio *summit* next year.

Though the project is a G7 initiative, it has not met with universal support from member nations.

Last night, at pre-summit meetings, the UK and the US were still questioning the quality of the project, which is embodied in a 100-page document to be discussed at next week's meeting.

However, it is thought that the project has gathered an unstoppable momentum in spite of last-minute quibbles from some countries.

The EC and Germany have been promoting the project. They consider the programme represents a significant shift in Brazilian environmental policy.

Just a month before the summit, President Fernando Collor reversed his previous stance, declaring that swaps would start as soon as possible.

Furthermore, Mr Collor sacked the head of the Brazilian Indian Bureau last month following criticism from Mr George Bush, the US president, that he had failed to demarcate the territory of the Yanomani indians.

Behind the G7-scenes, these actions are being read as an attempt by the Brazilian government to win support for the project after criticism that Mr Collor failed to fulfil many of his pledges on the environment.

Background, Page 3

Pöhl's last Bundesbank meeting tightens monetary targets

Britain may cut rates today

By Andrew Fisher in Frankfurt and Peter Marsh in London

THE Bundesbank yesterday made clear its concern over inflationary tendencies in Germany, but left interest rates alone, at the last meeting of its policy-making council to be headed by Mr Karl Otto Pöhl.

The decision is likely to clear the way for a cut in UK base lending rates today from 11.5 per cent to 11 per cent. The Bank of England yesterday gave a separate pointer to an imminent cut with its activity on the UK money market.

Mr Norman Lamont, UK chancellor of the exchequer, has been under pressure for several weeks to approve a further cut in base rates. They have come down in five ½-point steps since mid-February, *the last one on May 24.*

Discussions between Bank of England and Treasury officials on the timing of the next cut have been given added urgency by recent evidence that an early economic upturn is unlikely in the UK.

In Frankfurt yesterday, the Bundesbank announced a lowering of its target range for money supply – based on M3, the broad monetary aggregate – to between 3 and 5 per cent for the year from the original 4 to 6 per cent.

Some action on money supply had been expected in financial markets, but there was also mild speculation that the central bank would raise the discount rate, now at 6.5 per cent, to leave it nearer the Lombard emergency funding rate, at 9 per cent.

The decision to leave key rates unchanged led the dollar to strengthen by nearly 2.5 pfennigs to DM1.8345.

Economists still do not rule out a rise in German interest rates later this year, especially since the discount rate is below market levels.

Bank managers: Outgoing Bundesbank president Karl Otto Pöhl talks to his successor Helmut Schlesinger yesterday

The next meeting of the Bundesbank council is in mid-August and will be headed by Mr Helmut Schlesinger, who takes over as president from Mr Pöhl.

Militating against interest rate action this time may have been the desire not to embarrass the Bonn government before next week's London meeting of the Group of Seven industrial countries by putting up rates when other countries are keen to lower theirs.

Since Germany's last money supply growth figures, for April, showed M3 rising at an annual rate of 3.5 per cent, the decision to reduce the target reflects what is already happening on the monetary front.

East Germans have switched into long-term savings more quickly than expected, so the sharp initial rise in M3 – comprising cash and certain types of short-term savings deposits – in east Germany since currency union has slowed down.

But the Bundesbank was also keen to reinforce its warnings about inflation after recent high wage settlements, tax increases, and rising government spending.

Thus it said monetary policy for the rest of the year would continue to be aimed at keeping price tendencies, both domestic and foreign, "in narrow limits". The west German inflation rate was 3.5 per cent in June.

In the UK, speculation about an interest rate cut today increased after the Bank of *England* broke with recent practice and lent £480m ($768m) overnight to the UK's discount houses – specialist agencies which act as a buffer between the central bank and the banking system.

This move was against the pattern of the Bank of England's money market operations on recent Thursdays. On these occasions, it has lent to the discount houses until the following Monday, signalling its lack of willing

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UK inflation outlook, Page 8
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Currencies, Page 34

Japanese golf services group hits the rough

By Robert Thomson in Tokyo

JAPAN'S financial troubles have struck at one of the country's most cherished institutions – the golf club.

One of Japan's leading dealers in golf club memberships, Ginza Golf Service, yesterday filed for court protection with outstanding debts of Y260bn ($1.86bn). This is Japan's second largest corporate failure this year and the fourth biggest on record.

Golf club memberships, for which there is a large secondary market and a market index of prices for 500 leading clubs, are generally seen as an alternative to share and land purchases, and the *failure of Ginza* Golf is another sign of the turbulence in Japanese financial markets.

The Tokyo District Court said Ginza Golf filed for protection yesterday and had blamed its failure on a slump in the golf membership market, an unsuccessful diversification into property development, and problems with customers who secured their loans with stocks.

Ginza Golf was established in 1968, and its business expanded in the 1980s with the rapid growth of the secondary market in golf membership certificates. The certificates entitle the holder to play golf and also to speculate – the latter pastime had been particularly popular until a market slump began early last year.

The Nikkei Golf Membership Index reached a peak of 948 in March last year, after rising more than 50 per cent in only eight months, but it has since *fallen more than 300 points.* The average price of a member

Continued on Page 18

Bush and Major threaten force over Iraqi nuclear capability

By Philip Stephens in London and Lionel Barber in Washington

BRITAIN and the US warned *President Saddam Hussein* yesterday that they were ready to take "whatever action is necessary" to destroy Iraq's nuclear weapons capability.

The warning followed a telephone conversation between Mr John Major, the UK prime minister, and President George Bush in which they discussed the obstacles which Iraq had placed in the way of UN teams inspecting its nuclear sites.

British officials said both leaders had been angered by what they saw as President Saddam's decision to flout the terms of the Gulf ceasefire and subsequent UN resolutions. These provided for the destruction of the country's nuclear capability and weapons of mass destruction.

Mr Bush's conversation with Mr Major marks an effort to canvass opinion among allies on the next moves to force Mr Saddam to reveal the full extent of Iraq's nuclear programme.

Mr Bush has declared that he is gravely concerned about Iraq's clandestine efforts to develop a nuclear bomb, and *he has made clear that he is* considering possible military action against Iraq.

However, the administration remains opposed to launching bombing raids until it is sure that it enjoys widespread support among allies and that the military strikes would either destroy the suspected nuclear materials or have some direct salutory effect.

The decision to release details of their conversation was seen in Whitehall as an implicit threat that if the Iraqi leader did not co-operate fully with the team of UN investigators which arrived in Iraq earlier this week, the two countries might take military action.

Members of the 37-member *UN team, comprising largely* experts from the International Atomic Energy Agency, said yesterday that they will extend their stay by a further week in order to continue checks on suspected Iraqi nuclear equipment.

British officials emphasised, however, that Mr Major and Mr Bush had not set a time*table for any possible military* response. Instead they hoped that the Iraqi authorities would now meet all its obligations to remove not only nuclear but also chemical and biological weapons installations.

A factor which counts against immediate military action is Mr Bush's upcoming visit to London this weekend where he is due to attend the Group of Seven summit of industrialised nations, followed by talks with President Mikhail Gorbachev.

During his trip abroad, Mr Bush is due to visit Greece and Turkey, a neighbour of Iraq. Most observers believe it would be unlikely for Mr Bush to risk launching a renewed *attack on Iraq while he is out* of the country.

US officials make no secret of their outrage over Mr Saddam's efforts to conceal nuclear materials and to defy United Nations inspectors who are seeking to track down Iraq's nuclear production capability.

Weekend FT

Tomorrow: Woody Allen – funny man who wants to be taken seriously

●

Champagne and caviare – fuel of the Soviet system

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Action by world leaders needed to revive trade talks

At the beginning of June, Arthur Dunkel, Gatt director-general, reduced the number of negotiating groups and set a schedule to get at least initial results by the end of July. So far there have been no results. Page 6

MARKETS

STERLING
New York lunchtime:
$1.6065
London:
$1.6085 (1.6215)
DM2.95 (2.9425)
FFr9.9925 (9.975)
SFr2.555 (2.55)
Y222.75 (224.5)
£ index 89.5 (89.7)

GOLD
New York: Comex Aug
$368.9 (371.2)
London:
$367.95 (370.65)

N SEA OIL (Argus)
Brent Aug
$19.325 (19.375)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.8327
FFr6.2135
SFr1.589
Y138.65
London:
DM1.8335 (1.814)
FFr6.2125 (6.1525)
SFr1.589 (1.572)
Y138.55 (138.5)
$ index 88.6 (88.3)
Tokyo close: Y138.67

US lunchtime rates
Fed Funds: $5\frac{11}{16}$%
3-mo Treasury
Bills: 5.733%
Long Bond:
$96\frac{1}{32}$
yield: 8.485%

STOCK INDICES
FT-SE 100:
2,510.5 (+2.1)
FT Ordinary:
1928.4 (+10.3)
FT-A All-Share:
1,198.28 (+0.1%)
New York:
DJ Ind. Av.
2,952.15 (+7.38)
S&P Comp
376.54 (+0.8)
Tokyo: Nikkei
22,937.92 (−183.38)

LONDON MONEY
3-month Interbank:
11.0% ($11\frac{1}{16}$)
Liffe long gilt future:
Sep$92\frac{3}{16}$ ($91\frac{27}{32}$)

Central Soviet tax and monetary control urged

LEADERS of the Soviet government and state bank yesterday warned that the union would disintegrate if taxation and monetary policy were not kept under central control, writes John Lloyd in Moscow.

Their remarks were in strong contrast to the optimistic gloss put on recent agreements between the centre and the republics by President Mikhail Gorbachev and Mr Boris Yeltsin, the Russian president.

Mr Valentin Pavlov, the prime minister, said a joint union-republican anti-crisis plan, agreed between the centre and 10 of the 15 republics on Monday, had been unable to pronounce on many crucial issues because a sharing of powers between the union and the republican governments had not yet been agreed. He stressed that a tax system which enabled the centre to levy federal taxes was still under consideration – even though the anti-crisis plan appears to allow Russia and the Ukraine to pay tax to the centre at their own discretion.

"There will be a federal tax," said Mr Pavlov. "Without a federal tax there can be no union."

The central issue of the tax was a centrepiece of a debate on the union treaty in the Supreme Soviet yesterday. Mr Rafik Nishanov, Council of Nationalities chairman, said: "If Russia's and the Ukraine's demands for a one-channel taxation system are accepted in a new union treaty, the central agencies would be forced to their knees and the union would be deprived of life."

Mr Yuri Blokhin, a leader of the hardline Soyuz group, which opposes the union treaty, said: "The provision which declares the USSR to be a federal state is a deception." However, the treaty is expected to be agreed in a second day of debate today.

Mr Victor Gerashchenko, the State Bank chairman, said a "war of banks" was taking place in which republican banks were following their own credit and monetary policy. In a tone of mild exasperation, Mr Gerashchenko said: "As I tried to explain to the Federation Council [of republican leaders] on Monday, in carrying out such a policy you are taking money from your neighbour's pockets".

Quoting Mr Jacques Delors, president of the European Commission, the State Bank chairman said two things were necessary for a union – a central bank and federal tax-raising powers.

As for the programme that Mr Gorbachev will take to the Group of Seven summit in London next week, Mr Pavlov said it would be "flexible". It would have as its base the anti-crisis plan, with elements from other plans, and "some quite unexpected proposals [from the Soviet side] might emerge in the talks in London".

He saw no differences in principle between the anti-crisis plan and that of Mr Grigory Yavlinsky in association with US experts. The plan in its agreed form incorporates a number of elements from the Yavlinsky plan, particularly on foreign investment.

Mr Shcherbakov said the two plans were close in many things, but the Yavlinsky plan paid little attention to the need for a political union of the republics. He also said, referring to economic content, that "we cannot afford to offer our population shock therapy methods without guarantees of compensation".

The economic situation had "reached a critical level and the reforms are calculated at a level beyond which we cannot go because the population would not stand for it," he added.

At the same time, both Mr Pavlov and Mr Shcherbakov insisted that a turn to the market was now inevitable – though that it would happen more quickly with western aid.

Oil exports to fall, Page 26

Valentin Pavlov makes a prime ministerial point when he spoke in Moscow yesterday about the Gorbachev reform plan

G7 urged to link aid to cuts in arms spending

By Robert Mauthner

THE seven leading industrialised nations should decide to link their aid to developing countries to cuts in defence expenditure at their summit in London next week, Mr Denis Healey, the former British defence secretary, said yesterday.

The Group of Seven and the five permanent members of the United Nations Security Council, who have already started preparing their position on a Middle East arms control regime, should also freeze all their arms sales to the third world until their guidelines had been formally agreed and endorsed by the UN.

Mr Healey, who was speaking at a press conference in London of the British American Security Information Council (Basic), an independent research organisation, said it made no sense for aid to be dispensed to third world countries in the absence of cuts in their defence budgets. That would merely release more money for arms imports.

Citing World Bank figures, Mr Healey said the poorest countries in the world spent as much as 20 per cent of their total budgets on defence and arms.

In 1990, the third world's total expenditure on defence was more than $170bn.

Mr Healey's proposals followed the presentation of a Basic report written by Mr Frank Blackaby, a leading arms trade expert, which argued that the big powers were on the wrong track in concentrating mainly on restricting the export of weapons of mass destruction instead of conventional arms.

The powers seemed more concerned to try to stop the spread of weapons with which they themselves could be threatened, and not so much with the spread of weapons with which third world countries could threaten their neighbours, the report said.

It also said that some countries still justified arms sales as maintaining regional balances of power, whereas all they did was set off regional arms races. At the same time, the economic pressure for arms sales was stronger than ever. While arms production for home armed forces was being cut in northern industrialised states, their arms industries continued to look for markets in the third world to absorb their production.

Contrary to the conventional wisdom, Mr Blackaby argued that agreements by arms-importing countries to limit their offensive weapons would be more effective than arms suppliers' agreements to restrict their exports.

Western consortia may invest in oil and gas sector

Germany steps up efforts to revive trade with Soviet Union

By Leslie Colitt in Berlin

GERMANY is intensifying its efforts to prop up plummeting levels of trade with the Soviet Union despite worsening Soviet payments problems.

Mr Jürgen Möllemann, the German economics minister, said German trade promotion offices would be opened in the Soviet republics. German companies had also formed consortia to deal with possible investments in the Soviet oil and gas sectors which would generate hard currency.

Mr Möllemann yesterday opened an office in Berlin of the Eastern Board of German Industry, which is to help revive trade between east Germany and the former Comecon countries, especially the Soviet Union.

Trade between companies in east Germany and the Soviet Union has fallen to less than one-third of last year's DM16bn ($8.70bn).

Mr Möllemann warned that if the Soviet Union was not integrated into the world economy things would get "very difficult". Trade with the Soviet Union was preferable to "social transfers" he said.

But German companies are running up against severe problems. A representative of one large German group said its long-standing railway co-operation agreement with a leading Soviet research group faced collapse as the Soviet partner could not pay for essential western equipment.

Mr Otto Wolff von Amerongen, the long-serving chairman of the Eastern Board, urged that a House of German Industry building nearing completion in Leningrad should be followed up by similar trade buildings in Kiev, Minsk and Moscow.

Mr Wolff suggested that the Soviet Union, in taking its first steps toward a market economy while strapped for hard currency, should pay more attention to compensation trade with the west. He said the potential market for Soviet energy supplies in Europe had grown as the US-imposed limit on supplies of gas from the Soviet Union to western Europe – to 30 per cent of total supplies – was no longer applicable.

However, Mr Karl-Hermann Fink, manager of the Eastern Board, said German and other western banks and companies would not invest in the Soviet energy sector with the aim of boosting output until the republics had concluded binding legal agreements with Moscow regulating the ownership of resources on their territory.

Sofia deputies go on hunger strike over new constitution

By Ben Crampton in Sofia

A GROUP of 23 radical Bulgarian deputies has gone on hunger strike seeking to prevent the promulgation of the country's new constitution.

The MPs believe a constitution passed by the Socialist (ex-Communist) majority in parliament contains legal loopholes to enable them to continue to hold power. They object to the vagueness of the document and its rushed passage through parliament.

The Socialist majority, who won in last year's elections, was effectively increased by a walk-out by 80 opposition deputies in May.

The political temperature was raised by an announcement on Tuesday that the document had completed its parliamentary passage, earlier than expected.

It had been assumed that the constitution would not be ready for the July 17 deadline so the announcement on Tuesday took many by surprise and led to a rise in political tension. The document is due to be signed today by at least two-thirds of all MPs.

The strikers are all from the right wing of the opposition coalition, the Union of Democratic Forces (UDF). They include some of Bulgaria's most prominent political figures, such as Mr Stoyan Ganev (co-chairman of the United Democratic Centre), Professor Elka Konstantinova (leader of the Radical Democratic Party) and Mr Georgei Markov of Ecoglasnost. They are demanding that the constitution be approved by a two-thirds majority in a popular referendum.

The influential Podkrepa Labour Confederation, an associate member of the UDF and one of two main trade union confederations, has called on people to form a human chain around the parliament building today to prevent deputies from entering.

Podkrepa may also use its powerful strike weapon which, in the past, has brought down a president and a government.

Czechs approve sell-off candidates

THE Czech regional government has approved a list of 1,776 big companies to be privatised in the first wave of a multi-billion-dollar sell-off programme, Reuter reports from Prague.

Another 1,118 companies will be privatised in the second wave, next year. The Slovak regional government will also approve its own list in the republic before July 15.

The government plans to sell almost everything accumulated during 40 years of communist rule. "The number of enterprises not being privatised is minimal," the Czech regional minister for privatisation, Mr Tomas Jezek, told a news conference.

He said he could not estimate the value of the companies until August 31. Almost 500, in areas such as telecommunications and railways, will not be privatised within the next five years.

Privatisation bids must be submitted by November. They will be approved or rejected within a month.

Croats and Serbs fight fierce battle

Two die in renewed Yugoslav fighting

By Oleg Popov, Reuter correspondent in Osijek

CROATIAN militiamen and Serbian nationalists fought for eight hours with heavy machine guns and grenades in the Croatian town of Osijek yesterday.

At least two people were killed and doctors at a local hospital said another three were wounded, in one of the fiercest clashes in Yugoslavia since the June 25 independence declarations by the republics of Croatia and Slovenia.

About 100 Croatian militiamen surrounded a small single-storey house in the town 150 km northwest of Belgrade, and pumped hundreds of rounds of bullets into the building, virtually destroying it.

The militiamen, backed by an armoured vehicle, said they were fired on as they circled the house at 2am after receiving a tip-off that Serbs were holed up there with weapons.

One militiaman, ducking bullets, said several Serbs armed with rifles and grenades were trapped inside.

A man apparently caught in crossfire lay motionless in a ditch. A Croatian policeman in camouflage gear collapsed wounded to the ground and was dragged away.

Doctors at Osijek hospital said one Croatian policeman had been killed and a woman civilian had been blown to pieces.

Another woman had her hand blown off when a grenade she was holding exploded.

The clash disrupted a ceasefire agreed last Sunday, after intervention by the European Community, to avert civil war in the Yugsolav federation.

Residents said it was the worst fighting in Osijek, a usually tranquil town of about 40,000 people some 20km from Croatia's border with Serbia. But shooting has broken out almost nightly in recent weeks in surrounding towns and villages.

At least seven people were killed last Sunday in Tenje, a few kilometres away.

The region, called Slavonija, is inhabited by Serbs and Croats, blood enemies and traditional power rivals.

Tensions have risen since Croatia started moves last year to break away from Yugoslavia and many of the 600,000 Serbian minority in the republic took up arms in opposition.

The violence has worsened since Croatia formally declared its independence. Croatian leaders say they fear the federal army, most of whose senior officers are Serbs, will attack it within days.

The army sent armoured columns into Slovenia on June 27 in an attempt to secure key points including border posts, but met stiff resistance from Slovenian territorial defence units and failed to crush the republic's independence bid.

Dutch tourist Jan Sangers has been sitting out the Yugoslav crisis with his feet up, gazing out to sea from a campsite on the Adriatic coast, Reuter writes from Opatija in Yugoslavia.

"I'm not worried," he said. "It's as quiet as a library."

Apart from another Dutch couple and two or three Yugoslav families the large campsite in Opatija, usually fully booked months in advance, is dead.

A town of majestic villas and hotels, 70 miles west of the Croatian capital Zagreb, Opatija has certainly seen better times. In the last century the Austrian Habsburg emperors made it their seaside resort.

Now all but three of the more than 30 hotels are shut. Huge facades of closed shutters look down from the hillside onto the colonnades and palm trees of the seafront promenade.

"Personally I love it so quiet. It is just a pity that war is the reason," said Ms Rachel Crouzier, a 24-year-old Frenchwoman from Strasbourg.

"The local people are more friendly – they have plenty of time to be. But it is a total disaster for them," she said.

Polish banks in 'twinning' deal with west

By Christopher Bobinski in Warsaw

FIVE western European commercial banks yesterday signed letters of intent in a scheme designed to help modernise Poland's state-owned banking sector.

Under the plan devised by the International Finance Corporation, a World Bank affiliate, the five banks are to be "twinned" with five Polish state-owned banks to provide the latter with modern banking expertise for three years.

Sir William Ryrie, head of the IFC, called the scheme a "genuine innovation" under which the Polish banks will receive advice "from day-to-day credit decisions to long-term strategic planning".

Mr Jan Krzysztof Bielecki, the Polish premier, welcomed the scheme and thanked the western banks for "their presence and their help".

The five banks are Allied Irish Bank, Instituto Bancario Sao Paolo di Torino, Midland Bank, the Dutch NMB bank and Unibank from Denmark.

The scheme is to be partly financed through a World Bank loan and marks an important part of Poland's banking reforms.These include the privatisation of the greater part of Poland's nine state-owned banks, all of which will eventually be included in the IFC twinning arrangement.

For the moment Poland's Finance Ministry, which is responsible for the privatisation of the banking sector, has identified Bank Slaski (BS) in Katowice and Wielkopolski Bank Kredytowy (WBK) in Poznan as the first on its disposals list. The ministry expects to appoint a western merchant bank soon to conduct the sales.

Allied Irish Bank is to be twinned with the WBK in Poznan.

The government wants to offer a management contract and 20 per cent of the equity in each of the Polish banks put up for sale to a leading western bank. Another 40 to 50 per cent would be offered to domestic private and institutional investors, and 20 to 30 per cent would stay in state hands.

The authorities are hoping that the sale of the equity to a western bank and domestic institutional investors can be completed by the end of November; the bank shares would be offered to the general public in 1992.

● The Sejm, the Polish parliament's lower chamber, yesterday once again rejected a proposal by President Lech Walesa to change the country's election law in the run-up to national elections on October 27.

A mere 89 deputies voted with the president and 250 against him, with Mr Walesa arguing that the present law would lead to a fragmented chamber and unstable government majorities.

Nato missile found near downed Italian airliner

By Haig Simonian in Milan

A UK salvage team has discovered part of a sea-to-air missile in the wreckage of a downed Italian DC9 jet north of Sicily, re-opening the long-running mystery of why the aircraft crashed in June 1980, killing 81 people.

The new find, which has been identified as part of a missile used by Nato navies, has been taken up by the special Italian parliamentary committee investigating the unsolved "Ustica disaster".

The crash has triggered many theories, including the possibility of a bomb or an accidental downing by a missile fired by Nato or other air forces in the Mediterranean.

Some have linked the crash to the possible presence in the area of a Libyan Mig fighter, while others have suggested the culprit was a stray missile from an Italian fighter.

Charges of a cover-up by the Italian authorities intensified following the revelation of a four-minute gap around the time of the crash in the radar tape for the area recorded at a nearby military airbase.

The latest discovery, of a missile which could have been fired only from a sizeable vessel, follows a decision this year to authorise a new search for wreckage from the Itavia jet.

Brussels hails ruling on intellectual property

By David Buchan in Brussels

AN EC court ruling on intellectual property rights was hailed by the European Commission yesterday as having important implications for competition law in industries such as computers.

Directly at issue was an appeal by the BBC and Independent Television of Britain and by RTE, the Irish state network, against Brussels' 1988 ruling that they were abusing their dominant position by not letting an independent magazine list their forthcoming TV programmes. All three networks publish their own highly profitable TV guides.

The EC's Court of First Instance on Wednesday upheld the Commission's action and its argument that the exercise of copyright – in this case the TV companies's refusal to license outside publication of their programmes – abused a dominant market position.

The immediate impact of the ruling, which can yet be appealed against to the full European Court of Justice, may not be great, EC officials said, because national UK and Irish law is changing and so are TV stations' attitudes.

But for the first time, an EC court has been ready to limit the scope of national intellectual property laws, a senior Commission official said: "I do expect repercussions in the computer industry." There, dominant manufacturers are reluctant to supply their smaller competitors with the technical information which the latter need to make their machines compatible with a dominant supplier's product. The issue has never been tested properly; in a case in the 1980s, IBM settled with Brussels out of court.

Sir Leon Brittan, the EC competition commissioner, said the ruling made clear that "companies cannot unreasonably sit on their intellectual property in order to stifle enterprise and prevent new forms of competition."

Fifty years on, the spare parts run out

Jo Carley explains how a Tajikistan hydroelectric plant is suffering under perestroika

IN the depths of the little-known Tajik Takob Hydroelectric station, a Russian engineer, Mr Victor Demin, is facing the biggest crisis of his life.

In May, his hydroelectric station ran out of its last supplies of a crucial spare part, and half of the gleaming, perfectly preserved 1940s engines are now mournfully still.

A typical cliché from a Soviet plant, perhaps. But what makes Mr Demin's dilemma so acute is that his spare turbine part is no ordinary one – it was first installed in the plant back in the 1940s by the British company Metropolitan Vickers (now Vickers), during one of the more obscure chapters in UK-Soviet relations.

The arrival of Metropolitan Vickers in this remote valley, not far from the border with Afghanistan, has long since entered Tajik lore.

For, although the name of the British engineer who arrived to install the plant has been forgotten, even by the local village "white beards", he is remembered with even more awe than the colonies of German prisoners who were first drafted in by the Soviets to build the plant and the nearby fluoride mines – a task they are believed to have accomplished with breathtaking efficiency.

"You see, Metropolitan Vickers didn't just build a plant that worked – they built one that kept working for 50 years," explains Mr Demin, in hushed tones. "Most Soviet ones fall apart after five."

This was not strictly true. The Takob plant, like any other, had suffered the occasional technological hiccough, as the turbines kept spinning through the Stalinist, Brezhnevite and early Gorbachev eras.

But the unknown British engineer had had the foresight – or the premonition of an impending Cold War – to leave a generous pile of spares. These – helped by Mr Demin's years of careful polishing, tuning and technical nurturing – had kept the engines intact and the whole site gleaming like a 1940s engineering showcase.

Now, though, with the demise of the last crucial spare part, it seems the days of the plant may be numbered. The Cold War has ended but the problems of hard currency payments have arrived. Finding the necessary dollars to buy spare parts – even if Vickers still made them – may be beyond even Mr Demin's resourcefulness.

"It's not that we can't respond to the new market system," explains the head of the plant, Mr Sharafutdunov, who recently turned it into a co-operative and promptly dismissed three quarters of the staff tocut costs, "but where can we find dollars in a remote Tajik valley?"

The solution may lie closer to home. In recent months, the Tajikistan government has announced plans to develop the mountainous region around Takob as a tourist resort.

It hopes to lure western tourists to the beautiful scenery with "a range of ski-ing, walking, alpine and cultural attractions", according to Mrs Ufnora Mirzoeva, first party secretary of Varzob district, where Takob lies.

The tourists are thin on the ground as yet but the mountains around the mines have already begun to sprout Swiss-style chalets in anticipation of the arrival of westerners – and their western currency.

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AMERICAN NEWS

Environment moves up G7 agenda

By Rachel Johnson, Economics Staff

ENVIRONMENTAL issues have been moving smartly up the agenda for the summit next week in London of the Group of Seven industrialised countries, although preparations for the event have focused on Mr Mikhail Gorbachev's need for money and his efforts on economic reform.

President Gorbachev is to arrive after the summit ends. The environment, on the other hand, is always with us – and there is hope that the G7 will leap into action with a firm, costed proposal.

The summit is not expected, however, to out-green the summit last year in Houston, where environmental matters took up nearly a quarter of the final communiqué.

In his speech on the global environment this week, Mr John Major, UK prime minister, said he hoped to attend the Earth Summit in Brazil next June, when world leaders are to "extend the rule of law to the global commons". Yesterday, he went so far as to commend G7 leaders to attend the conference in Rio de Janeiro.

With these sweeping statements, Mr Major made clear that the main business on the environment – and especially on global warming – will take place not in London, but in Brazil. The meeting next week will essentially be the consensus-building preparation of the ground for Rio.

According to G7 officials, there will be a "narrowly focused" discussion of the three main topics – climate change, safeguarding of tropical forests, and biodiversity.

But there will be specifics. In pre-summit meetings, the G7 has been debating its pet environmental initiative – the controversial $1.5bn pilot programme for protection of the rainforest in Brazil, commissioned by the G7 in Houston.

This programme – produced by the World Bank, European Community and Brazilian government – should be in place by the Rio summit, as an example of co-operation by industrialised and developing countries on environmental issues.

It is also hoped that the G7 will set the financial ball rolling for the scheme with a small allocation of funds.

It has met opposition from the US and UK governments in pre-summit meetings, but there is bound to be a positive mention of the pilot programme in the final communiqué.

The G7 is anxious not to see its Houston initiative shrivel, especially since the Brazilian government has just altered its environmental policy by allowing debt-for-nature swaps for the first time.

Progress on tropical forests is regarded as especially important, as the other two items on the summit's environmental agenda – climate change and biodiversity – have become bogged down.

If a decision on forests fails to materialise, there will be talk of "further analysis" and some environmental declaration to accompany customary political and economic ones.

Nominee to Supreme Court used marijuana

By Lionel Barber in Washington

JUDGE Clarence Thomas, President George Bush's present nominee to the US Supreme Court, has admitted smoking marijuana in college and, possibly, in law school.

A similar disclosure was enough to force Judge Douglas Ginsburg to withdraw his nomination to the court in 1987.

However, Judge Thomas, 43, admitted his conduct two years ago to the Federal Bureau of Investigation when he was nominated to the Federal Appeals Court.

The White House issued a statement yesterday in support of the black judge, saying he regretted his action, which amounted to "several puffs" in college and "perhaps once in law school".

The White House said Judge Thomas had never again smoked marijuana: "We view this as inconsequential."

● House Democrats yesterday chose Mr David Bonior, a liberal from Michigan, to be the party's majority whip in the House of Representatives, a post often viewed as a stepping-stone to the House Speakership.

Mr Bonior defeated Mr Steny Hoyer of Maryland by 160:109 votes in a race which hinged more on personal contacts and operating style than high policy.

Mr Bonior succeeds Mr William Gray, who resigned unexpectedly last month to become head of the United Negro College Fund which helps black people to places in higher education.

President George Bush inclines to the right while listening to Soviet Foreign Minister Alexander Bessmertnykh in the Oval Office at the White House yesterday

Strong support for CFE treaty

By Lionel Barber in Washington

MR James Baker, US Secretary of State, yesterday won strong bipartisan support in the Senate for the Conventional Forces in Europe treaty which mandates sharp reductions in troops, tanks and weaponry on the continent.

He said in testimony to the Senate Foreign Relations Committee that the treaty consolidated the removal of Soviet forces from eastern Europe and would serve as a bulwark against the return of Cold War confrontation.

Republican and Democratic senators voiced support, declaring that the treaty was a good deal for the US and for Europe. The treaty must be ratified by the Senate.

Senator Joseph Biden, a senior Democrat on the committee, said the treaty would reverse earlier Soviet conventional superiority in Europe, taking Soviet forces there to a level well below that of combined Nato forces.

Senator Richard Lugar, a moderate Republican, predicted that the treaty would be ratified by a large majority. The only Republican dissent came from Senator Jesse Helms, a North Carolina conservative, who accused the Soviets of lying about their force levels.

He said he would scrutinise more closely the proposed US-Soviet treaty (START) to reduce offensive strategic nuclear weapons by 30 per cent, now in its final stages.

Mr Alexander Bessmertnykh, Soviet foreign minister, held talks with President George Bush at the White House yesterday, in an effort to resolve the final differences on the START treaty.

The Soviet delegation, which includes General Mikhail Moiseyev, chief of the general staff, has detailed responses to US proposals for agreement on three outstanding technical disputes.

If an accord is struck in talks this week, Mr Bush has said that he is ready to attend a proposed three-day summit in Moscow with President Gorbachev by the end of this month.

A Fed gradualist for whom there was no alternative

By Peter Riddell, US Editor, in Washington

MR ALAN Greenspan, US Federal Reserve chairman, was nominated by President George Bush for a second four-year term, late on Wednesday, because there was no alternative.

To have dropped him would have seriously disturbed financial markets, which feared that any replacement would have been more accommodating over inflation.

Moreover, the Bush administration did not have an agreed alternative. Even the president's economic advisers who have been critical of the Fed's emphasis on fighting inflation, admire and respect Mr Greenspan. There was little debate and the only hint of White House doubt was a delay before the announcement.

Of course, almost every president and Fed chairman differ about the relative priorities of sustaining economic growth and of minimising inflation. As Mr Bush said at the reappointment ceremony, "my view is to keep interest rates as low as possible without getting inflation out of control, and to see this country grow."

The White House/Fed conflicts in the Greenspan era have been less than under Mr Paul Volcker, his predecessor. This is partly because of Mr Greenspan's more conciliatory personality, his desire to build a consensus, not only on the Fed's policy-making Open Market Committee (FOMC), but also with the administration.

The chairman has also been a gradualist, almost a fine-tuner, as he has watched a myriad of economic indicators to assess the direction of the economy. Unlike the practice of the Volcker era, the present Fed has adjusted monetary policy in small steps.

Mr Greenspan's aim has been to squeeze inflation, but his record has been modest. The 12-month rate of increase of consumer prices was about 4 per cent in mid-1987, hit a peak of just over 6 per cent late last year after the sharp rise in oil prices, and is now about 5 per cent. The underlying rate over the period has stayed in the 4 to 4.5 per cent range.

However, Mr Bush's top economic advisers believe the chairman did not respond rapidly enough to the evidence of a slowing economy last year, the key Fed funds rate having been left unchanged from December 1989 until July 1990.

The criticisms disappeared as the Fed cut interest rates several times and in the light of the recent evidence that the decline is over and the economy has begun to pick up.

However, the White House is concerned that the Fed may be too cautious from now on, thus risking a very sluggish recovery and possibly even a further slowdown.

Mr Greenspan is likely to continue to steer a cautious path between these pressures, while seeking, if possible, to push down the underlying inflation rate. Even Professor Milton Friedman, the veteran monetarist and critic of the Fed as an institution, has conceded to the New York Times that, as long as the central bank exists, "Alan is as good a person" as it could have.

Japan offers to boost Gulf war contribution

By Peter Riddell

THE JAPANESE government has offered a further $500m towards the cost of the Gulf war, in an attempt to defuse the dispute with the US over its contributions.

The differences arose out of varying interpretations of promises made by Japan last January.

The US believes Japan pledged $9bn in dollars last January, of which $7.8bn has been received.

The $1.2bn shortfall includes $500m because of changes in the yen/dollar exchange rate, and $700m because Japan steered some of the money to European and Arab members of the coalition, which Washington believes it should receive.

After long negotiations, Japan has now put up an extra $500m for unanticipated costs of emergency relief and military operations in the aftermath of Operation Desert Storm.

But Tokyo is unwilling to make up the additional $700m.

Mr David Mulford, the Treasury under-secretary for international affairs, said yesterday that the $500m took account of the problem of the foreign exchange shortfall.

However, he refused to comment further.

President George Bush yesterday discussed the issue when he met Japanese Prime Minister Toshiki Kaifu at Kennebunkport, Maine.

Washington is also pressing for Japanese concessions on its restrictions over rice imports, in part to help the world trade talks on agricultural subsidies.

Jamaica in attempt to reschedule $100m debt

JAMAICA'S finance minister said yesterday he would go to Paris next week to seek a rescheduling of over $100m in official bilateral debt when the Paris Club of creditor nations meets, Reuter reports from Kingston.

Mr P J Patterson, who is deputy prime minister and minister of finance, told parliament that Jamaica assumed it would have a rescheduling of some of its debt servicing this year as part of the standby agreement signed with the International Monetary Fund (IMF) on June 28.

That agreement gives Jamaica the right to draw down $59m and entitles it to purchase $20.7m to meet the gap in balance of payments which arose from higher-than-expected oil import bills this year.

Mr Patterson said that in Paris on July 19, he would present his case for rescheduling about $106m of official debt service payments owed by the government and government agencies.

"Since April 1990, a number of major developments in international debt strategy have resulted in substantial concessionalities on debt eligible for Paris Club rescheduling," he told parliament.

Jamaica's total foreign debt stands at $4.28bn. The government hopes to have more than $400m of its official debt to the US forgiven under President Bush's proposed Enterprise for the Americas Initiative.

The government is hoping that the standby agreement, which lasts until March 31, 1992, is its last short-term one with the fund. It hopes to negotiate a three-year agreement after that.

China condemns Congress over vote on MFN status

By Yvonne Preston in Beijing

CHINA yesterday condemned as gross interference in its internal affairs Wednesday's vote in the US Congress opposing President Bush's decision to extend unconditionally China's MFN status.

A spokesman for China's Foreign Ministry said the MFN was a reciprocal arrangement to facilitate the growth of trade and financial arrangements, and was in the interests of both China and the US. He also attacked Congress for adopting a bill on the same day attaching human rights conditions to the renewal.

He noted that the number of Congressmen opposed to cutting off MFN or to applying conditions to its renewal had increased since last year and said Congress should stop "this kind of practice which hurts the feelings of the Chinese people".

On Wednesday the House voted to block the renewal of China's MFN status, but by a margin well short of that needed to override a presidential veto.

It voted overwhelmingly, however, for a bill which would require President Bush to certify that China had improved its human rights policies in order to gain a further extension of the MFN. He expressed the hope that more Congressmen would realise unconditional renewal was in the interests of both countries.

To refuse MFN unilaterally or to attach conditions for renewal constituted an interference in Chinese affairs and was absolutely unacceptable to the Chinese government if "a serious setback in relations between China and America" was to be avoided, the spokesman said.

Japan-EC trade surplus may cause G7 flare-up

By Robert Thomson in Tokyo

JAPAN'S trade surplus with the European Community rose 48 per cent in June to $2.35bn, raising fears that it may lead to friction with the EC at the Group of Seven summit in London next week.

For the first half of the year, the surplus with the EC showed a 63.3 per cent increase to $14.39bn.

Japan's overall surplus for June rose to $7.26bn, 8.9 per cent up on the same month last year, while the surplus for the first half of this year was 26.3 per cent higher at $32.3bn.

Imports of EC-made cars were 27 per cent lower for the month of June while imports of art works, which have suffered because of Japan's financial turbulence, fell 92.2 per cent on the same month last year.

The ministry of finance said customs-cleared exports for June rose 6.9 per cent overall to $25.4bn, while imports rose 6.1 per cent to $18.14bn. Exports to the EC rose 9.3 per cent, while imports fell 13.8 per cent, and exports to the US fell 5 per cent, while imports rose 5 per cent.

For the month, the surplus with the US was $2.46bn, down from $3.28bn in June last year. The surplus with the US for the first half fell 6.2 per cent to $15.93bn, but the gap is expected to widen in coming months with a gradual slowing of the Japanese economy, and Japanese companies looking to the recovery in the US economy for sales.

Japanese government officials have said "special factors", such as currency fluctuations and unusually low prices for raw materials, have been behind the increase this year. However, export growth, which slowed in June, is generally expected to gather pace later in the year, along with trade friction.

Other Asian countries are taking an increasing share of Japanese trade, with exports to the region rising 15.2 per cent in June and imports up 20.1 per cent. For the first half, the surplus with Asia was 49.5 per cent higher at $14.57bn.

The strongest growth in Japanese exports in June was reported for electric machines, *up 15.9 per cent, precision* instruments, up 15.1 per cent, ordinary machinery, up 12.8 per cent, and chemicals, up 12.7 per cent on the same month last year.

Tokyo toughens monopoly law

By Steven Butler in Tokyo

ENFORCEMENT provisions for Japan's anti-monopoly law were strengthened yesterday when the Fair Trade Commission issued rules authorising itself to order linked companies engaging in unfair practices to divest equity stakes.

The rules come after years of pressure applied by the US government to put teeth into fair trade regulations.

The US has been aiming its guns at the *keiretsu*, or business groups, arguing that their cross-holding of equity stakes is an impediment to trade.

The new rules authorise the FTC to force a company to sell an equity investment if, for example, a company forced another in which it has an interest into an exclusive business relationship. The same measure could be applied to a company which refused to deal with a company with which it had no equity link.

It remains unclear whether the new powers will have any practical impact on business. A recent survey by the FTC concluded Japan's manufacturing companies do not discriminate against suppliers on the basis of equity links. If true, there would seem to be no reason to use the new powers.

Other infractions of the law spelt out in the guidelines include collusion between merchandise suppliers to halt deliveries to discount stores or joint action by retailers to restrict supplies to new stores.

Aquino's defence chief to seek presidency

By Greg Hutchinson in Manila

MR Fidel Ramos, the Philippine defence secretary, yesterday resigned from the cabinet to concentrate on his bid to be the country's next president.

His was the second resignation of a senior government minister in less than a week. Mr Oscar Orbos, President Corazon Aquino's cabinet chief, quit last Friday. He also wants to run in next May's national elections.

Mr Ramos announced his resignation in La Union, a northern province where support for the late President Ferdinand Marcos is still strong, nearly six years after he was replaced by Mrs Aquino in a Manila army revolt in which the defence secretary played a prominent role.

La Union is part of the so-called "solid north" that Mr Ramos and Mr Orbos, both from the adjoining province of Pangasinan, are targeting for voter support.

Ramos: presidential hopes

Haj air crash claims 261 lives

By Our Middle East Staff

ALL 261 people aboard a DC-8 aircraft carrying Nigerians home from the Haj pilgrimage in Saudi Arabia died as the jet crashed in flames minutes after take-off from Jeddah airport yesterday.

The disaster is the latest to plague the annual pilgrimage, which draws up to 1m Moslems a year to Mecca, Islam's holiest site.

The aircraft, chartered to a Nigerian company and bound for Sokoto in Nigeria, plunged *in flames half a mile from the* airport as the pilot tried an emergency landing after reporting a fire.

Leased by Nationair, a Canadian company, the aircraft was carrying 247 Nigerian passengers and 14 Canadian crew, the official Saudi Press Agency reported. The government of Canada, the aircraft's country of registration, said it would send five investigators to Jeddah to help determine the cause of the accident.

"The plane crashed in flames. All passengers perished," an SPA statement said. The pilot had reported a fire to the control tower minutes after take-off, and had lost control of the landing gear, it added. Airline officials at Jeddah said one of the four engines had caught fire shortly after take-off.

Last year, more than 1,400 pilgrims were crushed and suffocated to death during a stampede in a tunnel leading to the centre of Mecca.

In 1987, more than 400 people, mostly Iranians, were killed in shooting after protests against the US and Israel turned riotous.

The air crash is the fifth to blight the Haj since the 1970s. At the height of the pilgrimage, the vast King Abdel-Aziz International Airport, built with three runways to accommodate the annual arrival of pilgrims, sees an aircraft take off or land every 10 minutes.

A Jordanian jet crashed over Nigeria in 1973 killing 176 people, while 191 died the following year when a Dutch DC-8 crashed in Sri Lanka. Crashes in 1978 and 1979 claimed the lives of 183 and 156 passengers respectively.

Two bomb disposal experts from Royal Ordnance, the British Aerospace company, detonate unexploded munitions along Kuwait's beaches as they help clear millions of items of lethal ordnance left after the war.

At least 50 soldiers, including six Britons, were injured yesterday when ammunition exploded at the last allied base in the emirate at Doha. The incident was the most serious involving allied troops since Kuwait was freed.

'Insider trading' probe call fails in HK

By John Elliott in Hong Kong

HONG Kong's securities watchdog last night dismissed suggestions it set up an inquiry into allegations that mainland Chinese companies and other investors used inside information about the colony's proposed HK$100bn (£7.9bn) airport to speculate on the stock and futures markets early last week.

Both markets made rapid gains, allegedly driven by mainland investors, on July 1 and 2, immediately after a Sino-British deal on the airport had been secretly initialled in Beijing on June 30.

Fears are widespread that China's companies will import mainland practices into Hong Kong, which returns to Chinese sovereignty in 1997, which would seriously undermine its international reputation as a regional financial centre.

"Brokers known to be affiliated to the mainland were buying index futures actively all last week, at a time when the airport agreement had been signed but had not yet been made public," W.I.Carr, the brokerage arm of Banque Indo-Suez, said in its weekly report.

The local Hang Seng index rose 2.4 per cent over the two days to 3,772, but the more significant move came on the July futures contract which rose from a premium of about 20 to the index to a premium of over 100. Initially, analysts assumed the market was reacting to a 1 percentage point cut in interest rates on July 1.

News of the airport deal did not leak generally in Hong Kong until July 3, one day before an official announcement. Analysts therefore suggest mainland companies operating in Hong Kong heard about the deal from Beijing and moved in on the Hong Kong markets on July 1 and 2.

It is also being suggested they passed the information to friendly Hong Kong businessmen who also speculated heavily on futures.

But the Securities and Futures Commission does not have the power to investigate. "We see no basis for an inquiry because the definition of relevant information in the legislation refers only to specific information on specific companies," Mr Robert Owen, SFC chairman, said last night. Nor does the legislation cover the Futures Exchange. Tougher insider trading laws come into force on September 1, but will not make action possible on this case.

Jobless rate falls in Australia

By Emilia Tagaza in Canberra

DEFYING persistent forecasts by the government and industry, Australia's unemployment rate continued to improve slightly in June.

The government yesterday reported a seasonally-adjusted rate of 9.3 per cent in June, down from 9.4 per cent in May and the second fall in unemployment in two months. Most forecasts have placed figures in excess of 10 per cent during the month. But the government has avoided proclaiming an end to the recession,saying other indicators are still mixed

The government's caution, particularly that of Mr John Kerin, the new federal treasurer, has not escaped the business community. His restrained reaction to good monthly figures has been welcomed as a mark of responsibility and a departure from knee-jerk reactions of past treasurers.

Mr Kerin last week sent a strong signal of his commitment to tight economic policies in announcing a revision of the government's estimated 1991-92 budget deficit from A$4bn (£1.9bn) to A$5bn. He reiterated the government's commitment to avoid pump-priming to bail the economy out of the recession. The revision followed a smaller-than-expected budget surplus, at A$1.89bn, for 1990-91.

Meanwhile, business confidence is showing signs of starting to recover. Surveys conducted by National Australia Bank and Westpac Bank have found that companies are expecting both trading and profitability to improve slightly in the coming months.

China calls for $200m flood aid

CHINA yesterday made a rare appeal for international aid, saying more than $200m (£125m) was urgently needed to help 2m people made homeless by floods, and for repairs to communications, power and water supplies, Yvonne Preston reports from Beijing.

Chen Hong, head of China's national disaster relief committee, said direct economic losses from the flooding amounted to over Rmb30bn (£3.4bn). Apart from immediate humanitarian relief, long-term rehabilitation aid was needed for the two most devastated provinces, Anhui and Jiangsu.

Storms and floods have hit 18 of 30 provinces covering two-thirds of China, with rainfall two to five times the normal level. Deaths have reached 1,270, but could well go higher. Nearly 40m people in Anhui (70 per cent of the population), are affected. Nearly 10m have lost everything. In Jiangsu, 42m are affected, 5m of them destitute.

India warned of 'hard economic decisions'

By K.K. Sharma in New Delhi

INDIA is "in the midst of an economic crisis of unprecedented magnitude," and people should prepare themselves for "hard and unpleasant economic decisions," President R. Venkataraman said yesterday.

In the new government's first detailed policy statement, Mr Venkataraman was outlining to parliament various structural reforms undertaken or to come. India's application to the International Monetary Fund for a loan to deal with the current balance-of-payments crisis was clearly the reason for the statement, but the president made no reference to it.

The estimated deficit for 1990-91 had risen to Rs107.7bn (£2.6bn) against an anticipated Rs72.1bn, the president declared. The IMF had asked the government to cut the fiscal deficit from 8.5 per cent of GDP to 6.5 per cent. The government was "committed to observing strict fiscal discipline" and state expenditure would be controlled. Cuts are widely expected in subsidies.

The government would "work for extensive deregulation and reduction of bureaucratic intervention", again to reassure the IMF over structural reforms. Technology imports would be liberalised in areas where India did not measure up to international standards, and foreign investment policy would be liberalised. "Changes in procedures are being worked out so that the investment climate is made more conducive for participation by foreign companies and non-resident Indians."

Hinting at public-sector privatisation, the president promised reforms, including greater autonomy for individual units. The Gulf crisis had worsened the balance-of-payments problem. Its direct adverse impact was estimated at $2.7bn (£1.68bn) and the cost of imported oil had risen by $2bn.

France and Iran see end to loan row

FRANCE and Iran are close to settling a lengthy dispute over millions of dollars of unpaid loans and cancelled contracts, which would remove the last barrier to an improvement in their diplomatic ties, William Dawkins reports from Paris.

The French foreign ministry said yesterday it was "reasonably optimistic" an agreement would be completed in the next few weeks, but denied Iranian claims the final accord had been signed.

The dispute is about a $1bn loan by the former Shah to the French atomic energy commissariat for the construction of a uranium enrichment plant in southern France. Of the total, France has repaid only $630m. Iran wants to see the return of the rest, plus an estimated $1bn of interest. France wants compensation for more than FFr14bn (£1.4bn) of contracts *to build nuclear power stations* in Iran, cancelled after the 1979 revolution.

Israeli bank scandal reaches court

By Hugh Carnegy in Jerusalem

THE biggest financial scandal in Israel's history finally reached the courts yesterday when the country's four top banking groups and a group of former executives were charged with criminal responsibility for a 1983 crash in bank shares which prompted a $7bn government bail-out to save the banking system from collapse.

Bank Hapoalim, Bank Leumi, IDB Bankholding Corporation, its subsidiary Israel *Discount Bank*, and United Mizrahi Bank were themselves accused under three groups of charges laid in the Jerusalem District Court which alleged they violated the statutory responsibility properly to manage their affairs, misled the public with regard to the value of their shares and failed to disclose full information in prospectuses and accounts.

Sixteen former bank executives and executives from accountancy firms were included in the charges, some of which could carry a jail term of up to three years.

The trial was a direct result of a 1986 judicial inquiry which strongly criticised the banks and their directors for an elaborate system of supporting their own share prices. The banks lent to their own customers to buy shares, using the shares as collateral. The system, which ran for seven years, collapsed when a devaluation scare drove thousands of investors to sell the shares for dollars.

The affair is still reverberating as the government seeks to sell off the majority shareholdings it required as a result of *its rescue operation. Earlier* this year, it was forced by government legal officers to halt the planned sale back of IDB to the Recanati family of Tel Aviv because Mr Raphael Recanati, the IDB group chairman, and other directors, including his brother Oudi, were among those facing charges.

Like the controlling interests in the other three banks, the Recanati family had remained in control of the IDB group after the 1983 crash under a preferential share arrangement. Most other senior executives in office at the time of the *share collapse left their posi*tions after the judicial commission published its report.

The Soweto daily newspaper announces the end of US sanctions

South African business still fights the squeeze

The reins cannot yet be loosened on strict monetary policy, **Philip Gawith** reports from Johannesburg

THE decision by the US this week to lift sanctions against South Africa will have a liberating impact on a business community psychologically scarred by years of pariah status. This relief will not, however, extend to the factory floor where businessmen continue to grapple with the effects of a tight monetary policy.

Dr Chris Stals, governor of the *Reserve Bank, the country's central* bank, has pointed out that the lifting of sanctions will not have an immediate impact on monetary policy because the country still does not have access to International Monetary Fund drawing rights. Without this, strict monetary policy has to be maintained to defend the external value of the currency.

Public pressure has been developing for the Reserve Bank to ease its monetary policy. Dr Jaap Meijer, deputy governor of the bank, describes the policy dilemmas: "On the one hand, you want 'the new South Africa' to start with a clean inflation slate. On the other, you realise that a man unemployed is a man radical."

With unemployment running at about 40 per cent, these dilemmas are heightened by high political stakes. *Indeed, one influential scenario doing* the rounds carries the premise that there is not a single example of an authoritarian society making a successful transition to democracy while getting poorer. Per capita gross domestic product in South Africa has declined by 1.5 per cent a year in real terms since 1981.

Superficially, monetary policy appears a disaster. It has been tight since November 1988 when the benchmark prime interest rate was lifted to 18 per cent. By October 1989, the rate had risen to 21 per cent, and the first relief came in March this year when rates came down a point. Inflation remains above 15 per cent although the economy has recorded six successive quarters of negative growth.

The hard men locally are fond of quoting Mr John Major's dictum: "If it's not hurting, it's not working". But many argue that at the moment it is all pain and no gain. Mr Ted Osborn, chief economist at Nedcor, a big domestic bank, says: "I want rates to be dropped. They're doing a lot of damage". Dr Pieter Haasbroek, group economist at Barlow Rand, the country's largest industrial group, agrees. "Many small businesses are in dire straits. They are closing their doors, never to return. For this reason, and only this reason, rates should drop."

Their view, however, is a minority one. Most professional economists believe the Reserve Bank should stick to its guns. They argue that without tight policies, inflation would have risen to Latin American levels. They also point out that the argument for a cut in interest rates is based on the economy being weak. Yet gross domestic expenditure rose by 18.5 per cent in the first quarter of 1991 compared with the previous quarter.

It is also argued that lack of confidence in obtaining strong future returns is a greater constraint on investment than the cost of capital.

The Reserve Bank remains, if not unmoved, then at least unrepentant. Its primary argument is that its job is the protection of the integrity of the currency, not the stimulation of economic growth. It also points to policy successes, particularly on the external front. Dr Meijer cites the stabilised exchange rate and strengthened reserves which have allowed the bank to pay off nearly all its remaining foreign liabilities relating to reserves.

Domestically, he points to the significant downward trend in money supply and credit extension. The growth rate of M3 declined from a peak of 27.5 per cent in August 1988 to 10.2 per cent in October 1990.

The stubbornness of the consumer price index to come down would appear to be less proof of ineffectual policies than of the deep-rooted, structural nature of inflation in the country. The Reserve Bank has argued all along that its policies will bear fruit only when the prevailing inflation psychosis is broken.

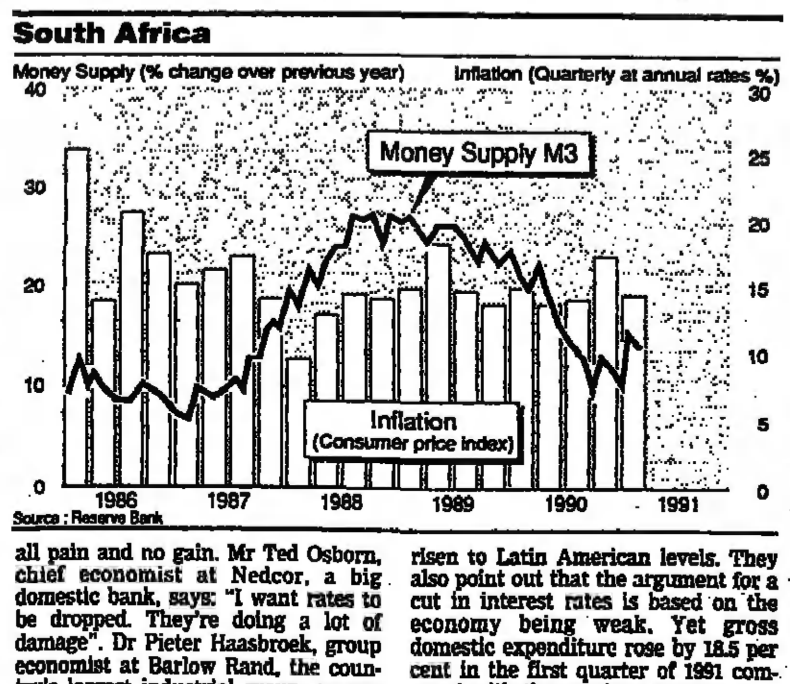
Dr Meijer believes this is particularly evident in trade union wage demands and the price-setting policies of businesses. Nominal wages per worker rose 16.7 per cent last year – well above inflation.

The government is keeping its nerve, showing little evidence of putting pressure on the bank to relax its policy. There must be grave doubts, though, whether the bank will achieve its aim of getting South African inflation to the low single-digit levels of its main trading partners. As Mr Rob Lee of the Board of Executors, commented, the stubbornness of inflation was politically eroding the case for discipline, but economically, that was still very strong.

The Swiss National Bank has lifted limits on South African access to the Swiss capital market in place since 1980, AP reports from Zurich.

An annual limit of SFr300m (£118m) in new funds South Africa could raise on Swiss capital markets was dropped, and Swiss banks will no longer need central bank permission for loans to South Africa.

Neutral Switzerland never joined sanctions imposed on Pretoria. Instead, it set limits designed to freeze at 1980 levels South Africa's ability to raise money in the Swiss market. Most South African gold reaches the world market via Switzerland. Officials say the SFr300m yearly limit has not been exhausted since 1985.



Source: Reserve Bank

'Insider trading' probe fails in HK

THE BCCI SHUTDOWN

LOCAL AUTHORITIES

Major rules out aid for councils

By Ivor Owen, Neil Buckley and David Lascelles

LOCAL authorities that deposited money with Bank of Credit and Commerce International will not be bailed out by the government, Mr John Major, the prime minister, confirmed in the Commons yesterday.

His comments came as local authorities, which had a total of up to £100m invested in the bank, said they were considering suing the Bank of England and their financial brokers.

Mr Major endorsed earlier ministerial statements that local authorities were not entitled to preferential treatment over other depositors, and defended the Bank of England's actions.

Mr Brian Wilson, Labour MP for Cunninghame North, said that less than a week ago BCCI had received "a clean bill of health" from the Bank of England, and that it had been listed by the Department of the Environment as being suitable for local authority business.

He urged the prime minister to ensure that the government and the Bank of England faced their responsibility for a "catastrophic error" that might have influenced council officials.

Mr Major replied that any accountant or finance director should know that if an institution paid over the market rate of interest it was in the form of a risk premium.

The Bank of England said it was aware that local councils had deposits with BCCI when it decided to close the bank, but it would not have had details of individual accounts because these changed daily. The Bank did not distinguish between different types of depositors when deciding whether or not to close a troubled bank.

By yesterday 24 councils had declared their deposits in BCCI, amounting to more than £70m. The Association of District Councils said it was aware of 34 authorities with money invested, and the tally was still rising.

The authorities involved are meeting next Thursday to discuss joint action. It is thought that some might join forces to bring a test case against a financial broker.

The ADC is also taking legal advice on whether councils could sue the Bank of England for negligence in including BCCI on a list of approved banks.

SOUTH AMERICA

An area of close political ties

By John Barham and Jimmy Burns

BCCI has been scaling back operations in South America's financial centres where it had established close ties with business and political leaders.

In Argentina, central bank officials ordered BCCI last December to begin winding up activities. A central bank official said yesterday: "BCCI had to reduce deposits and progressively reduce its activities without being formally liquidated."

Deposit taking was to cease on June 30 and the bank was to terminate operations by the end of the year.

It emerged yesterday that BCCI helped mount two foreign debt-for-equity swap operations on behalf of Mr Gaith Pharaon, the Saudi Arabian financier and a one-time important shareholder in BCCI, to a value of about $43m in 1988.

Both operations were designed by Mr Javier Gonzalez Fraga, a local financier who was appointed Argentina's central bank governor by President Carlos Menem. Mr Fraga has since left the central bank.

Mr Pharaon invested in a Jojoba plantation in the north of Argentina and in the construction of a Hyatt hotel in central Buenos Aires. Mr Gonzalez Fraga was head of the central bank when it ordered BCCI to reduce operations.

A central bank official said yesterday that BCCI was adversely affected by Argentina's notoriously unstable financial system, adding "it must have had problems meeting capital requirements".

In Brazil, the central bank regulators have mounted a close inspection of operations of BCCI which is heavily involved in foreign trade finance. The central bank said yesterday that BCCI was not directly affected by the closure in other countries because it was 66 per cent owned by Brazilian citizens.

It emerged yesterday that shareholders include Mr Sergio Correa da Costa, a former ambassador to London, with 10 per cent of its shares. Mr Ernane Galveas, a former finance minister, is a member of the board.

In Paraguay, where BCCI opened a branch in 1985 during the regime of General Stroessner, the central bank took over the bank's operations on Wednesday. Clients are able to withdraw deposits. An official said the local balance sheet was sound although he warned of potential problems in meeting hard currency commitments.

In Uruguay, the region's offshore banking centre, central bank officials took over management of BCCI's Montevideo finance house on Monday as a precautionary measure. It is believed to have about $3m in deposits. As in Paraguay, the Uruguay operation was already on the market.

Former BCCI bank manager Ijaz Choudhary: 'With one stone, they kill ten birds'

A 20-year career lost in a day

By Chris Tighe in Bradford

AT HIS Bradford home former bank manager Mr Ijaz Choudhary ponders the wrecking of his 20-year career.

"With one stone they have killed ten birds," says Mr Choudhary, a BCCI manager since 1980. "I have lost my job; my personal savings are locked into BCCI. And my personal integrity has been shaken, it is in jeopardy. Who will compensate me for the loss of my integrity?"

Mr Choudhary ran the BCCI branch in Bradford until 1989. Then at Leeds, he was responsible for all BCCI's Bradford business.

A 40-year-old graduate of Punjab University in Lahore, Mr Choudhary worked for United Bank before coming to England in 1979.

Asians, the bulk of his clients, were drawn by the linguistic competence of the bank staff, he says, the open-door policy, flexibility, understanding of their problems, and availability of letters of credit for importers and exporters.

When the bank was closed on Friday, he was not even able to extract his wife's weekly housekeeping from their personal account. Mr Choudhary has had to borrow £200 from a friend to keep the family going. Private health insurance arrangements for a major operation his wife is to undergo next week have also been thrown into disarray.

Since Friday, he has received about 500 phone calls at home from clients asking what will happen.

Mr Choudhary wants a job as a manager, but knows it will not be easy. "The banks and financial institutions won't want to know me when I tell them I worked for BCCI."

MONEY BROKERS

Deposits liability disclaimed by Tullett

By Richard Waters

ONE OF THE money brokers at the centre of the row over how local authority money was placed in BCCI claimed yesterday that the ultimate responsibility for the deposits lay with the councils concerned.

Mr Dereck Tullett, chairman of Tullett & Tokyo, said in a statement that the firm acted under regulation from the Bank of England, which included compliance with the so-called "London code of conduct" for the wholesale money markets.

"As a broker we act in bringing together two parties who wish to transact," he said. "We in no way give any guarantees concerning the bona fides of a party to a transaction and, indeed, the London code makes clear that it is the ultimate responsibility of the principal to assess the credit worthiness of a counterparty."

However, paragraph 12 of the London code appears to place a greater responsibility on brokers than implied by Mr Tullett's short statement. It says: "Firms should exercise particular care when arranging or entering into deals involving any counterparty they believe to be relatively inexperienced."

Some local authority treasurers have claimed that their relative inexperience led them to rely on money brokers when placing deposits.

Tullett is one of 10 brokers licensed to operate in the sterling money markets, and one of four named by councils as having handled deposits placed in BCCI.

Midland starts a help desk

MIDLAND BANK is setting up a help desks for BCCI clients in more than a dozen UK cities. Mr Swarup Choudhury is to head the service. His number is 071 360 6921.

● The BCCI shutdown hit a UK charity which had £20,000 a branches in the Sudan. Action on Disability and Development said the money represented six months' of fund-raising.

CAYMAN ISLANDS

Booking centre for deals was $7bn operation

By David Lascelles, Banking Editor

The $7bn BCCI operation in the Cayman Islands was a booking centre for deals that may have been fraudulent, rather than a place where fraudulent actions were initiated, according to the local Banking Superintendent.

Mr John Atkinson said yesterday: "Someone here might have known more than a general 'do this'. But decisions would rest with BCCI's central management and credit committee elsewhere."

Bank of Credit and Commerce Overseas (BCCO), based in the Caymans, is one of the main banking operations of the BCCI group. With assets of $7bn it is similar in size the BCCI SA, the Luxembourg arm which forms the other major component of the $20bn group.

Like much of the rest of BCCI, the Cayman bank was shut down last Friday and will shortly be wound up. The bank has about 30 branches around the world, and employs 50-60 people locally.

Mr Atkinson said that BCCO differed from other parts of the group in that its deposits tended to be large in size and small in number. As such it was typical of the offshore banking operations located in the Caymans, which specialise in booking large deposits for wealthy individuals and companies.

Mr Atkinson said he had first become aware that of fraud in BCCI was suspected when the Bank of England told him of investigations which began earlier this year. He flew to London and attended a meeting on July 2 when the shut down decision was taken.

He said there was concern about what appeared to be "a deliberate concealment from the auditors and shareholders of the bank's true profits."

BUSINESSMEN MEET BANK OF ENGLAND

Delegation praises constructive attitude

By Khozem Merchant and Alison Smith

A DELEGATION representing Asian businessmen affected by the closure of BCCI said after a meeting with the governor of the Bank of England yesterday that it was encouraged by the Bank's constructive attitude.

Mr Andrew Popat, the prospective Conservative candidate for Bradford South, who led the delegation to Mr Leigh-Pemberton, said he was optimistic for depositors, once the liquidators finally controlled the assets.

Mr Popat called on Sheikh Zayed bin Sultan al Nahayan, the ruler of Abu Dhabi who, with his family, owns a majority holding in BCCI, to come up with a further cash injection. The delegation is preparing a dossier of BCCI victims.

Mr Leigh-Pemberton told the delegation that the winding-up petition would be heard on 23 July, and that the Bank would process claims on the depositors' protection fund within a month after that.

Mohammed Riaz, a member of the delegation and Conservative parliamentary candidate for Bradford North, said: "We've been given some very strong assurances that the Bank will try to help as far as possible."

He warned that the collapse of BCCI would have an "astronomical" effect on the Asian business community in Britain unless there was some assistance for them.

Mr Popat expressed disappointment that his constant efforts to meet both the UAE ambassador to the UK and of Sheikh Zayed's representatives had been unsuccessful.

WORLD TRADE NEWS

Toyota to market Volkswagens in Japan

By Steven Butler in Tokyo

TOYOTA has agreed to market Volkswagen cars through its Japanese dealer network. The deal comes as the EC enters the final stages of negotiations over restrictions on the sale of Japanese cars in the single European market, raising suspicions that Toyota is attempting to influence the political atmosphere.

Mr Soichiro Toyoda, Toyota president, said the Japanese car maker wished to broaden the sales opportunities for its dealers. He said the deal would help increase imports to Japan.

Mr Toyoda did not directly answer questions about whether the sale of VW cars would take sales away from Toyota. He suggested that if the marketing agreement succeeds, the companies may wish to expand joint vehicle production in Hanover.

The agreement, covering both Volkswagen and Audi cars, could help to consolidate VW's position as the leading car importer in Japan since it will give it rapid access to a large dealer network. The huge expense of building a dealer network from scratch in Japan has been a large deterrent to importers.

The arrangement will begin next spring. It will be Toyota's first involvement with imported vehicles. Toyota has Japan's most extensive dealer network and claims more than 40 per cent of the local market.

VW and Audi car imports totalled 4,032 units in the first half of the year. This was an 18 per cent decline from the same period of last year, reflecting sluggishness of the local market. The vehicles accounted for 23 per cent of all imports. The companies said they expected to have 50 sales outlets in place by the end of 1992, with sales to reach about 7,000 vehicles.

By 1996 the two hope to have 100 outlets, and sales of 30,000 units a year. The plan is to establish exclusive VW-Audi dealerships through separate sales outlets owned by Toyota dealers.

VW plans to retain its independently-owned distribution network, and to continue distributing cars through the car dealer Yanase. VW is seeking Japanese sales of 100,000 vehicles a year by the mid 1990s.

Mexican minister expects US free trade deal soon

By Stephen Fidler

MR Jaime Serra Puche, the Mexican trade minister, said yesterday that an agenda for free trade talks among Mexico, Canada and the US was close to agreement.

Speaking in London to the FT, Mr Serra said the negotiations would take place under six headings: market access, trade rules, services, investment, intellectual property and dispute settlement.

Seventeen working groups had been established to discuss the issue. He and Mrs Carla Hills, the US Trade Representative, and Mr Michael Wilson, their Canadian counterpart, would meet in the US for three days from August 18 to discuss the agreement.

He said an agreement "within a matter of months" was a realistic target, but declined to forecast when it was likely to take effect. He said he did not foresee "impossible problems and obstacles". It had not yet been decided whether the agreement between the US and Canada would be replaced or not.

Jaime Serra Puche: no impossible problems

Mr Serra, on a tour of Europe to promote investment in Mexico, said the main issue at stake was competitiveness, at the root of which which lay five elements, all of which would be present in a free trade agreement: continuity of economic policies, economies of scale, so-called economies of scope to allow specialisation, improved ability to transfer technology and adequately functioning market signals.

Asked about potential difficulties, he raised a number of areas where the negotiations would obviously be complicated: market access and discussions about tariff and non-tariff barriers and rules of origin; trade rules on such matters as subsidies; different priorities on the issue of services, with the Mexican concern being mainly labour-intensive services and the US and Canada's high-capital services; and on intellectual property, such as patents. He pointed to the recent agreement by the Mexican congress of what he described as "most advanced" law on intellectual property.

Gatt extends talks on banned goods

THE council of the General Agreement on Tariffs and Trade yesterday gave a working group three more months to amend a draft agreement on the export of domestically prohibited goods and other hazardous substances after the US had refused to accept it, writes William Dullforce in Geneva.

At stake are exports by companies in the industrialised world of chemicals, pharmaceuticals, pesticides, and hazardous wastes which are banned from sale in their home markets, because they are considered dangerous to health or the environment.

Under the draft agreement, which most Gatt members were willing to accept, a more extensive notification system would be operated, giving recipient countries more detailed information about the products and the reasons for their prohibition in their country of origin.

The US complained that the agreement included too wide a range of products and was too open-ended.

Brazil drops right to restrict imports

BRAZIL yesterday renounced its right under the General Agreement on Tariffs and Trade to impose restrictions on imports for balance of payments reasons, writes William Dullforce in Geneva.

The decision, taken in spite of considerable payments difficulties arising from Brazil's foreign debt, signalled Brazil's commitment to the liberalisation of trade, Mr Rubens Ricupero, the Brazilian ambassador, told the Gatt council.

Recent agreement between Brazil and its creditor banks on $8bn of arrears had reduced uncertainties about the outlook for the balance of payments, Mr Ricupero said.

The US and the EC have been pressing for the reform of Gatt provisions which allow a developing country to impose temporary import restrictions such as quotas or licensing arrangements, if they run into balance of payments trouble. Washington and Brussels have argued that developing countries have made illegal use of this provision to protect domestic industries.

Informatics is the only sector which Brazil is excluding. But a bill is in Congress to eliminate these restrictions by October, 1992.

● The Brazilian government has authorised two joint ventures between domestic and foreign computer companies. IBM and SID Informatica will make micro-computers, while Digital and Elebra are to manufacture medium-sized models.

Hills seeks more EC farm concessions

MRS Carla Hills, the special US trade representative, yesterday welcomed the EC's latest farm reform proposals, but said they still did not tackle the farm export subsidies on which the Gatt trade talks were stalled, writes David Buchan in Brussels.

In a bid perhaps to pressure the EC into more concessions, Mrs Hills, speaking in a Worldnet telecast, repeatedly stressed that she saw no link between the Gatt negotiations and this week's reform proposals by the Commission, which "are not being offered as a benefit to the US or the world trading system", but because existing EC policies "had broken the bank".

However, she said the proposals to reduce price supports and take more land out of production "should make it easier for Europeans to think multilateral (trade) reform when they know the direction their own reforms are taking". She did not think the fact that no final EC decision on farm reform is likely before the end of the year would necessarily stymie a Gatt accord.

The US would continue to insist on specific cuts in internal farm price support, import protection and export subsidies. If a consensus starts to develop in Europe this year for big cuts in price support, "this will give comfort to Europe's negotiators on what they can do in the Gatt", she said.

The farm reform plans, which are not expected to figure prominently at next week's London summit of G7 countries, will be discussed by EC farm ministers on July 18.

Ministers' pious words fail to dispel Gatt negotiators' gloom

Only action by world leaders can bring the world trade talks back to life, reports William Dullforce

BEFORE next week's London economic summit somebody should tell the leaders of the seven big industrial powers about the strange situation faced by their negotiators in the Uruguay Round of trade-liberalising talks.

At the end of May the US Congress renewed President George Bush's fast-track authority to negotiate trade deals. In early June ministers of the 24 members of the Organisation for Economic Co-operation and Development declared that the Uruguay Round had "the highest economic priority on the international economic agenda."

Since then the negotiators in Geneva have heard one statement after another from the big trading powers and from agencies such as the World Bank and the International Monetary Fund underlining the importance for the world economy of completing the Round quickly – preferably by the end of the year.

There has not been the slightest impact on the course of the negotiations in Geneva. "It's as if they were sending messages from another planet, it's spooky," said one chief negotiator this week.

After the OECD meeting in Paris, Mrs Carla Hills, the US Trade Representative, called for an action plan to achieve maximum results in the most hotly contested areas, notably the reform of world farm trade and the liberalisation of trade in services. Countries should agree by July 31 on the mechanisms to be used to cut farm subsidies, she proposed. With two weeks to go nothing has been agreed.

At the beginning of June Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, re-organised the talks, reducing the number of negotiating groups from 15 to seven and setting a seven-week schedule which he hoped would produce at least initial results by the end of July. So far there have been no results.

The most eerie phenomenon has been the apparent fracture in communication between governments and their trade negotiators, between the statements of intention in capitals and the immobility in Geneva. Morale is being sapped to the extent that privately some trade diplomats wonder whether their governments have lost interest in the Round.

If they are serious, the least the G7 heads of government can do next week is to agree to remove this gap between the ambitions they have been voicing and the realities of the negotiations. In practical terms they need to agree, in private if not in the published communiqué, to take some political risks, to face down some domestic lobbies and to send instructions to their negotiators to start striking deals.

Two areas, farm reform and services, are critical. In the first the 14-nation Cairns Group of farm-exporting nations this week voiced its frustration and warned the London summit again that the Round cannot be completed without a substantial outcome on agriculture. Participants are still waiting for the European Community to advance from the position it took last December, when its offer on agricultural reform was judged to be hopelessly inadequate by the leading farm-exporting countries and led to the breakdown of the Round at the trade ministers' meeting in Brussels.

In services the onus is on the US, whose insistence on exempting shipping and telecommunications from the new rules and on keeping its right to impose unilateral trade sanctions is rejected by almost all other countries.

Work in Geneva on farm reform over the last few weeks has been "technical" and kept at a low key, in order to avoid arousing political passions. The focus has been deliberately switched from "numbers", the size and range of the reductions in farm subsidies, to "instruments", the methods that might be used to convert current agricultural support practices into less trade-distorting policies.

Farm negotiators are pursuing an objective agreed in April, 1989 to achieve "progressive and substantial reductions in support and protection". Since last February the talks have been based on an agreement, to which the EC subscribed, that the cuts should cover three sectors, internal farm supports, border protection and export subsidies.

On June 24 Mr Dunkel, who now chairs the talks, issued a paper spelling out the many options laid bare in the technical consultations. It is a very confusing document. But the initiated profess to see in it some foreshadowing of an eventual compromise on the "instruments", of how the cuts are to be made.

In tackling internal farm supports, for instance, the paper focuses on a method which would start by defining policies that would be exempt from reductions and placed in a so-called "green box".

On what is probably the most contentious issue, the proposal by the US and the Cairns Group that all border restrictions be converted into tariffs and gradually reduced, the paper is most circumspect. But the paper did not mention the "corrective factor", the built-in safeguard which would allow countries automatically to adjust policies for fluctuations in prices and currencies, on which the EC has been insisting, although the paper detailed other possible safeguard methods.

Notwithstanding these indications of creeping progress, nobody in Geneva sees how the deadlock over agriculture can be overcome in the near future. The proposal for internal EC farm reform presented on Tuesday by Mr Ray MacSharry, EC Farm Commissioner, has caused hardly a ripple, despite the proposed reductions in EC farm prices, such as the 35 per cent cut for cereals. Negotiators are too well aware that Mr MacSharry faces a long haul before his proposal takes final shape in EC ministerial councils.

Hopes, but they are very muted, of being able to negotiate seriously on the crucial problems blocking progress in agriculture and services are hinged on the London summit and on a US-EC meeting scheduled for July 30 between Mrs Hills, Mr Edward Madigan, US Agriculture Secretary, Mr Frans Andriessen, EC Trade Commissioner, and Mr MacSharry.

The best that could happen at the summit would be for French President François Mitterrand and German Chancellor Helmut Kohl to agree that Mr Andriessen and Mr MacSharry should be given the latitude to start exploring a deal on farm reform. And for President George Bush to tells Mrs Hills that the US cannot afford to lose a services agreement over its maritime lobby.

But in the current gloom in Geneva few negotiators believe that, when they resume in September, they will be any further forward than they are now.

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ACTUARIAL RESULTS

INSTITUTE OF ACTUARIES

The following candidates have completed the examination requirements for the qualification of Fellowship of the Institute of Actuaries.

They are:

Apps, R.W.T	(London)	Gilchrist, A.J.	(Horsham)	Moring, R.H.	(London)
Archar, C.J.	(Bristol)	Giles, Mrs P.R.	(York)	Morrissey, J.P.	(Dublin)
Archer-Lock, P.R.	(London)	Golding, N.C.	(Peterborough)	Murphy, G.N.	(Dublin)
Armstrong, K.	(York)	Gordon, J.R.	(London)	Murphy, Miss K.M.	(Dublin)
Arnott, K.J.	(London)	Gott, D.W.	(London)	Nawaz-Khan, H.	(London)
Arulampalam, P.	(Sydney)	Govindan, V.	(Bombay)	Nobbs, R.M.	(London)
Ashton, A.R.	(London)	Graham, R.	(Manchester)	Norrey, C.J.	(London)
Avis, Mrs C.A.	(Horsham)	Greenall, Mr A.	(Bristol)	O'Connell, J. (Dublin)	
Avis, R.J.	(Horsham)	Grisenthwaite, J.C.	(London)	O'Connor, B.T.	(Dublin)
Aylott, G.J.	(London)	Grout, S.K.	(London)	O'Donnell, A.P.	(Dublin)
Azzopardi, M.H.J.	(London)	Gwilliam, R.P.	(Manchester)	O'Sullivan, N.M.D.	(London)
Baillache, P.M.	(London)	Hadjinicolaou, Miss M.E.D	(London)	O'Sullivan, P.M.	(Dublin)
Baldry, M.J.	(London)	Hall, Mrs B.J.	(York)	Pallister, Miss J.K.	(Horsham)
Ball, P.J.	(London)	Hall, Mrs S.	(Oxford)	Palmer, M.N.	(London)
Bannister, J.M.	(Johannesburg)	Hall, R.J.	(Horsham)	Parker, M.J.	(Liverpool)
Barrett, A.J.	(London)	Halstead, J.	(Liverpool)	Parker, Miss J.	(Birmingham)
Bird, D.W.	(London)	Hameed, T.	(London)	Parsons, Mrs A.E.	(London)
Bishop, J.R.	(London)	Hardwick, S.J.	(London)	Patel, Mrs E.	(London)
Board, J.W.A.	(London)	Higdon, M.D.	(Manchester)	Payne, S.J.	(Birmingham)
Booth, Miss S.Y.	(Manchester)	Higgs, D.	(Horsham)	Peacock, Miss S.W.	(Horsham)
Booth, P.M.	(London)	Hilder, I.M.	(Sydney)	Pearse, T.	(Horsham)
Bowmer, G.	(London)	Hitchen, C.J.	(London)	Peters, B.S.	(London)
Bray, Mrs F.	(Salisbury)	Hood, Mrs E.L.	(London)	Phipps, Miss D.	(York)
Brown, B.I.	(London)	Hopkins, P.B.	(Horsham)	Pirrington, A.A.	(Cape Town)
Buckley, Miss E.M.	(Dublin)	Hough, R.J.	(London)	Pither, I.A.	(London)
Campbell, R.P.	(Bristol)	Howell, B.A.	(London)	Poon-Affat, R.L.	(London)
Casey, D.E.	(Dublin)	Hughes, G.G.	(Johannesburg)	Preston, D.	(Salisbury)
Cattermole, P.A.	(Horsham)	Hunt, D.A.	(Salisbury)	Puxley, N.A.	(London)
Chalk, A.	(London)	Hussey, Miss M.T.	(Dublin)	Quinlivan, J.P.	(London)
Charles, J.M.	(London)	Jackson, L.S.	(Bristol)	Quirk, P.J.D.	(Peterborough)
Charles, R.J.	(Horsham)	Jenkins, R.	(London)	Radford, J.M.	(London)
Cheong, J.K.T.	(London)	Jones, S.J.	(Liverpool)	Randells, G.N.	(London)
Cherry, G.D.	(Norwich)	Kanji, M.S.K.	(Toronto)	Rayner, A.B.	(London)
Christison, P.	(London)	Karicut, H.S.	(London)	Redfern, Mrs J.A.	(Salisbury)
Claringbold, A.W.	(London)	Keane, M.J.	(Dublin)	Reed, A.R.	(Peterborough)
Clark, J.B.	(London)	Keeler, D.	(Horsham)	Rich, M.	(London)
Colclough, S.G.	(Dublin)	Keeling, A.M.	(Kingswood)	Richards, J.W.P.	(London)
Colton, M.A.	(Lytham)	Kenyon, Miss S.L.	(London)	Ridges, P.J.G.	(London)
Cook, S.T.	(London)	Kerry, R.A.	(London)	Sach, J.F.	(London)
Cornall, Ms M.J.	(London)	Khorasanee, M.Z.	(London)	Seymour-Jackson, R.T	(Norwich)
Costain, I.L.	(Bristol)	King, F.W.	(Horsham)	Shah, A.	(London)
Cowell, J.R.	(London)	King, Mrs K.L.	(Manchester)	Shah, H.M.	(Wellington)
Cowling, C.A.	(Liverpool)	Knight, M.	(London)	Shah, J.	(London)
Cruse, Mrs K.S.	(Horsham)	Koslover, P.H.	(London)	Shah, K.	(London)
Da Silva, M.D.	(London)	Kruger, A.J.	(Cape Town)	Sharpe, A.W.	(Bristol)
Daly, R.	(Dublin)	Kwok Yin Siong Yen, B.	(Liverpool)	Sherry, A.J.	(Dublin)
Davison, R.M.	(London)	Lang, Mrs S.C.	(Salisbury)	Shore, A.C.	(London)
De Kock, H.K.	(London)	Laurie, S.P.	(Birmingham)	Simler, R.B.	(London)
Delbridge, T.P.	(London)	Lee, P.K.W.	(London)	Simmons, D.S.	(Manchester)
Dent, K.E.M.	(New York)	Leonard, Ms K.M.	(London)	Sinclair, G.R.	(Horsham)
Derbyshire, G.W.	(London)	Lewis, K.A.	(London)	Sneed, J.A.	(Norwich)
Desoisa, J.R.	(Salisbury)	Lewis, Ms D.S.	(London)	Smith, P.	(Oxford)
Dicker, S.P.	(Manchester)	Li, Miss M.C.	(London)	Smith, R.D.	(Bristol)
Digney, Miss H.C.	(London)	Lim, K.H.	(London)	Sondheim, P.J.	(London)
Dodd, N.A.J.	(Horsham)	Loseby, Ms R.L.	(Oxford)	Stannard, Miss S.	(London)
Dorey, Miss E.	(London)	Lovick, P.W.	(London)	Startup, C.P.	(Horsham)
Doyle, S.G.	(Dublin)	Lunn, T.N.	(London)	Steers, D.J.	(Cape Town)
Drummond, G.	(York)	Majmudar, N.P.	(Bristol)	Stewart, G.J.	(Birmingham)
Du Toit, M.M.	(Cape Town)	Marsden, B.R.	(Oxford)	Sullivan, M.	(London)
Edgar, M.W.	(Horsham)	Marsh, J.R.	(Horsham)	Thomas, R.G.	(Horsham)
Edwards, J.M.J.	(London)	Masini, P.E.	(London)	Thompson, P.R.	(Birmingham)
Escourt, P.	(London)	Matthews, H.R.	(Bristol)	Tomlin, Ms D.M.	(Dublin)
Farrar, S.M.L.	(London)	Maule, G.B.	(Horsham)	Topple, D.J.	(Salisbury)
Field, D.W.	(Horsham)	McCumiskey, Miss M.M	(Brussels)	Trotz, M.V.	(London)
Fishwick, I.R.	(London)	McEvoy, R.M.	(Dublin)	Underwood, M.A.	(York)
Fleet, Miss V.M.	(London)	McEwan, D.A.	(London)	Unsworth, J.D.E.	(Birmingham)
Fogarty, R.D.	(Dublin)	McEwan, D.A.	(London)	Varma, S.	(London)
Foot, J.P.	(London)	McGurk, P.	(London)	Walton, A.R.	(London)
Forbes, C.H.	(London)	McLoughlin, D.C.	(Dublin)	Waring, A.G.	(London)
Franklin, Miss M.-D.	(Cape Town)	Mellor, C.A.	(Manchester)	Waugh, G.T.	(London)
Freeman, C.R.	(Cape Town)	Metcalf, P.B.	(London)	Wearing, N.F.	(Horsham)
Freeman, G.P.	(London)	Mills, S.C.	(London)	West, M.F.	(London)
Frize, R.G.A.	(Dublin)	Miranthis, C.	(London)	Whitelock-Jones, A.N	(Cape Town)
Fuller, D.	(Manchester)	Mitchener, P.	(London)	Williams, A.J.	(Horsham)
Gadd, S.B.	(Horsham)	Mobbs, N.G.	(London)	Wincote, Miss H.L.	(Norwich)
Galpin, Mrs M.L.	(Guernsey)	Moore, B.N.	(Bristol)	Winn, Mrs S.M.	(Birmingham)
Geere, S.M.	(London)	Moore, D.C.D.	(Cape Town)	Wrixon, S.P.	(London)
Gibbs, Ms C.A.	(London)	Moran, I.R.	(Horsham)	Young, R.J.	(London)

The following prizes have been awarded as a result of the recent examinations.

Sir Joseph Burn Prize(awarded by the Institute of Actuaries):

Tomlin, Ms D.M. (Dublin)

Worshipful Company of Actuaries Prizes:

Dicker, S.P. (Manchester)
Moring, R.H. (London)
Tomlin, D.M. (Dublin)

UK NEWS

ELECTORAL REFORM

Labour examines voting alternatives

By Ivo Dawnay and John Willman

PUBLICATION today of the Labour party's report on electoral reform will end years of opposition to changing Britain's first-past-the-post system and gives a clear hint in favour of changes to elections for regional assemblies, the European parliament and a reformed House of Lords.

But on the crucial issue of the House of Commons it remains neutral, examining but not endorsing, possible alternatives in a way that leaves reform proposals open until the party reaches its final conclusions next year.

The working party, set up almost a year ago under the chairmanship of Professor Raymond Plant, insists different systems may be appropriate for different legislative bodies.

But the 209-page report also suggests strongly that the constituency link between MPs and voters is desirable for the House of Commons. This apparently all but rules out the system preferred by the centrist Liberal Democrats' – the Single Transferable Vote – which calls for large multi-member consituencies where voters list their preferences numerically.

Instead, the working party, representing a broad cross-section of Labour opinion, appears divided between supporters of three options: First-Past-The-Post (FPTP), the Alternative Vote (AV) and the Additional Member System (AMS).

But in both the last two cases it expresses reservations and raises questions. AV, a version of which is used in France, allows voters to number their preferred candidates, eliminating those with the lowest votes until one gains an outright majority.

But, the report points out, it fails to deliver a strictly proportional outcome.

AMS, used in Germany, combines current voting practices with a party list from which MPs would be elected in proportion to the total votes casts. The report raises the awkward issue, however, of minority parties being able to bring down governments by switching allegiances.

Underlining that any system is imperfect, the Plant report makes clear that its final recommendations, due next year, must be made by evaluating and balancing different objectives.

In a key concluding section, it states: "Fairness involves being fair to something...Different electoral systems will rank these differently. Invoking an unqulaified idea of fairness will not take us very far."

Then it adds: "There is no ideal electoral system which can be defended without leaving some questions unresolved."

In spite of its hard fought efforts to see all points of view, the report will, nonetheless, encourage the proponents of change. An official of the fast growing Labour Campaign for Electoral Reform described the movement as "unstoppable" this week.

"The report means there is no longer the unconditional support for first-past-the-post that we have had in the past," she said. "It sends the debate into a new phase."

Opponents of change are also rallying their forces. Last night, Mr George Foulkes, the Labour MP, issued a document outlining the case against reform, emphasising the importance of the MP-constituency link. But Mr Neil Kinnock, the Labour leader, is expected to give the preliminary report a neutral welcome today.

Publication of the report brings the issue of election systems to the political stage.

Many supporters and opponents of change believe that, such is the thoroughness of the Plant report, Labour may feel obliged to put the issue to a Speakers' Conference or a Royal Commission even if it wins the coming election by an outright majority.

Editorial Comment, Page 18

Names grill embattled Lloyd's chairman

By Richard Lapper

Under pressure: David Coleridge fields questions at yesterday's annual general meeting

MR DAVID COLERIDGE, the embattled chairman of the Lloyd's insurance market, was subjected to a searching public grilling on the shortcoming of the way business is conducted at Lloyd's, at yesterday's annual general meeting (AGM) of the Association of Lloyd's Members.

The ALM represents over 9,000 Names – the wealthy individuals whose capital backs the Lloyd's Market. Just over 700 Names attended yesterday's AGM.

Mr Neil Shaw, chairman of Tate and Lyle and a Lloyd's Name since 1980, said that failure by Lloyd's to anticipate the size of its trading losses early enough would have been a "recipe for disaster for an industrial company." He went on to question the degree to which Lloyd's was in control of its business.

Expenses were still too high and there were too many "sub-standard" underwriters and agencies. There was ample evidence that many people employed in the market were not properly qualified, added Mr Shaw.

Although competition would gradually reduce the number of agencies and syndicates at Lloyd's, "it really needs much more than the marketplace," said the industrialist.

Mr Coleridge said he was hopeful that the market's task force set up to review the present structure, and staffed by senior market figures, would rectify many of these deficiencies.

The task force, which is meeting most weekends, will issue recommendations before the end of the year. Mr Coleridge said that he had no doubt that the Council, the market's governing body, would "carry out reforms."

Mr Coleridge admitted he was "terribly worried" by possible shortages of capital. As many as 5,000 Names are expected to leave the market in the coming months. Capacity could be reduced from its present level of $11.4bn to £10bn, according to Lloyd's.

"I'm conscious we may be short of capacity. We will find it difficult to accept all the business that will be available next year," Mr Coleridge added.

Lloyd's has been shaken by its latest results which has seen many of its financial backers suffering large losses.

The Names can rely normally on profits but have been hit by the spate of disasters in recent years, such as the Piper Alpha oil rig fire and Hurricane Hugo.

Proposals to cut army size may be modified

By Philip Stephens, Political Editor

THE GOVERNMENT signalled yesterday that it may modify planned cuts in the size of the army to try and placate growing criticism within the Tory Party of the scale of the proposed reductions.

Mr Tom King, defence secretary, was said by aides to be considering a small increase in the number of infantry battalions which would survive the cuts outlined in the strategy.

Despite criticism this week from Tory MPs, Mr King has indicated that the army's overall manpower must fall by the original target of 40,000 to 116,000. He is said, however, to be ready to consider lifting by "one or two" the ceiling of 36 on the number of battalions which would survive.

Mr King is also facing strong pressure from both Mr Ian Lang, the Scottish secretary, and Mr David Hunt, the Welsh secretary, to ensure that long-established regiments in Scotland and Wales do not fall victim to the cutbacks.

Mr Lang and Mr Hunt are in turn reflecting deep anxieties among Tory activists about the possible disbandment of regiments such as the Gordon Highlanders and the Royal Welsh Fusiliers.

Mr King appears confident that the more moderate Tory critics of his strategy - including Mr George Younger, his predecessor as defence secretary - can be placated before he unveils final details later this month.

Some backbenchers, however, are still insisting that they will vigorously oppose the cuts as likely to leave Britain with inadequate forces to meet its overseas commitments.

Post Office seeks pay freeze for 13,000 parcel employees

By Diane Summers, Labour Staff

PARCELFORCE, the parcels arm of the UK Post Office, is attempting to freeze the pay of all its employees for 10 months as part of a plan to pull itself back into profit after heavy losses caused principally by the recession.

It is believed to be the first time that an employer in the UK public sector has tried to freeze pay. The Confederation of British Industry (CBI), representing the country's employers, estimates that about one in five organisations in the private sector has frozen or delayed the implementation of pay increases because of the economic downturn.

Earlier this week the Post Office announced that Parcelforce incurred a loss in the last financial year of £75m. This contrasted with a £171m profit by Royal Mail, the Post Office's letters arm. Parcelforce has said it aims to break even by the end of this financial year and move into profit by the next.

Post Office management said yesterday that it was still at an early stage in negotiations with unions representing Parcelforce's 13,000 employees. Although the pay freeze has been rejected by unions, reaction has been low-key.

The Post Office pointed out that Parcelforce is not alone in the distribution industry in having suffered during the recession.

A Post Office spokesman said: "we have told the unions that we would be looking for a temporary pay pause for all our staff, and that includes all our managers."

Most employees also had the opportunity to earn extra money through incentive schemes which would not be affected by the pay pause, the Post Office said.

Mr Terry Deegan, general secretary of the Communication Managers' Association, which represents about 1,500 middle managers and first-line supervisors within Parcelforce, said staff were "prepared to rise to the challenge" presented by the recession.

A significant proportion of the company's losses, however, were due to problems in the accounting system which had had to be rectified this year, according to Mr Deegan.

The Union of Communication Workers, which represents the bulk of blue-collar workers within Parcelforce, is believed to be facing the prospect of a pay freeze for the first time in its history.

Index provides clearer guide to economy

Rachel Johnson examines why analysts are expecting a further fall in UK inflation

UNLESS today's retail prices index (RPI) for June is overshadowed – as many expect – by a cut in UK interest rates, it should be the economic event of the week.

It will be the first RPI for months not to be heavily distorted by one-off factors, such as the changes in value-added tax, reductions in mortgage rates, petrol prices and the controversial poll tax.

The RPI's sensitivity to underlying inflationary pressures in the economy has been diminished so much by outside factors that Mr Norman Lamont, the UK chancellor, has called the index meaningless.

The June index is still expected to benefit from seasonal price discounts in the summer sales – trimming off 0.2 per cent – and the last of the mortgage rate cuts by home loans and savings institution. This will shave 0.1 per cent from the index, which will be fully offset by rising electricity prices.

But these factors are not expected to cloud the clearer picture of UK inflation which the June index should provide, and, all told, the index is expected to fall to 5.6 per cent from 5.8 per cent in May.

Coming after Tuesday's producer prices, and yesterday's decision by the German Bundesbank not to raise its rates, the markets are confident of a cut in interest rates. Activity data such as the next retail sales figures should justify one.

Other important inflation measures should also move downwards. The measure excluding mortgage interest payments (the Treasury's favourite) is expected to fall 0.1 per cent to 6.5 per cent.

With UK inflation falling – it has tumbled from 9.0 per cent in January – several more questions are now being raised. How far will inflation fall, and what level of inflation should government aim for?

No-one doubts that the Treasury will meet its inflation target of 4 per cent by the fourth quarter of the year. This should save £750m, as the Treasury initially budgeted its indexed social benefits spending on the assumption of 5.5 per cent inflation in the year to September.

In fact, the Treasury is likely to undershoot this year. Greenwell Montagu, the investment bank, forecasts the RPI will average 3.6 per cent by the fourth quarter, after a low of 3.2 per cent in October. Greenwell Montagu adds that the corresponding German inflation figures will be 3.9 per cent and 3.5 per cent respectively.

There is a growing view that the government will stop there, rather than battle on towards zero inflation. Last week, Mr Lamont refused to commit himself to a target of near-to-nil inflation over the next three years. He had good reason. In 1986, a year when the RPI averaged 3.4 per cent, Mr Lawson promised to eliminate inflation in the next parliament. His pledge turned out to be a hostage to fortune – the RPI averaged 9.5 per cent four years later.

John Major: hoping for improved economic figures

According to some analysts, the UK should concentrate on undercutting German inflation rather than aim simply for zero inflation. According to Mr Roger Bootle, of Greenwell Montagu, a 2 per cent increase in the RPI is consistent with an "underlying absence of inflation". Additionally, moving to zero is much harder – with a greater impact on unemployment and output – than reducing inflation to 8 per cent from 10 per cent.

The government appears sensitive to this. "Recovery is much more important than inflation at this stage in the economic and political cycle," says Mr Alan Davies, economist at Barclays.

But the government seems unlikely to consider the inflation battle won until it has achieved low levels of around 3 per cent for years, not months. Mr John Major, the prime minister, says he "hates" inflation. But there are more immediate factors at play, as the electoral implications of inflation are considerable.

There is still a slim chance of a consumer-led recovery this year if inflation carries on falling and pay rises average around 6 per cent. Mr Lamont could do well to heed Mr Walter Eltis, director general of the National Economic Development Office.

"No government that has significantly raised the rate of inflation has been re-elected," he says, "while four governments which reduced inflation, or stabilised it, have been re-elected." On the dozen RPI days left before the election, expect to hear much more about the government's inflationary successes.

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Lonrho issues writs against store group

By Robert Rice, Legal Correspondent

LONRHO'S long running legal battle to wrest control of House of Fraser (HoF) from the Fayed brothers took another bizarre turn yesterday when the international trading conglomerate issued new writs against the owners of the stores group alleging conspiracy to injure.

Lonrho claims the Fayeds were behind a five-year campaign of vilification waged against Mr Roland Tiny Rowland, its chief executive, by a Miss Francesca Pollard.

The alleged conspiracy to destroy Mr Rowland's reputation came to light at the end of June when Miss Pollard made a public apology to Mr Rowland and told him that her activities had been funded by the Fayeds.

The writ against the Fayeds and 13 other defendants including a number of HoF directors Broad Street Associates, a public relations company, and two firms of solicitors Kingsley Napely and Palmer Cowen, claims damages for conspiracy to injure and an injunction in connection with the five year secret campaign against Mr Rowland.

Lonrho alleges the Fayeds became involved in Miss Pollard's campaign after she wrote to Mr Rowland in June 1986 challenging him about Lonrho's purchase of her late grandfather's assets after the collapse of his business. Her grandfather was the chairman of the Israel British Bank which crashed in the 1970s.

Following his death Miss Pollard waged a campaign against a number of prominent City figures including Mr Gerald Ronson, head of the Heron Group, who she believed were responsible for depriving her of her proper inheritance. She passed a copy of the letter to the media and to other public figures including the Fayeds.

Lonrho alleges that the Fayeds seized on this opportunity as a way of pursuing its battle with Mr Rowland over the House of Fraser takeover, offering to fund her campaign in return for being able to direct it. Lonrho alleges among other things that Mr Mohamed Fayed paid her initially £1,000 and subsequently £2,000 a month as "expenses".

Miss Pollard has already admitted publicly that between January 1987 and January 1991 she went regularly sometimes as often as three times a week to see Mr Mohamed Fayed to receive directions from him as to what she should do to further her campaign.

A number of MPs, members of the Trade and Industry Select Committee, witnesses and other innocent people involved in investigating the 1985 takeover of House of Fraser were also subject to vilification by documents which Lonrho says included the use of over 30 forged signatures.

Mr Michael Cole, House of Fraser's media director, dismissed the new writs yesterday as just another stage in the "longest whinge in British commercial history." If and when the writs were served they would be defended vigorously, he said.

Two weeks ago in a separate legal action Lonrho was given leave by the House of Lords to proceed with a damages action against the Fayed brothers and Kleinwort Benson their merchant bankers for alleged fraudulent misrepresentation and conspiracy to injure during the 1985 takeover of the stores group and its flagship, Harrods.

Wind of change flutters through union

New policies expected as the healing process continues, writes John Gapper

THE Transport and General Workers Union, Britain's largest, has a wide membership. Its 1.25m members include Mr Neil Kinnock, the Labour Party leader, and Mr Phil Griffin, from Manchester. The two men have different ideas about what a Labour government should do if it wins the next election.

Mr Kinnock's views carry rather more weight in both the union and the Labour Party. Yet Mr Griffin managed to cause a few flutters among the leaders of both this week when he persuaded the union's biennial conference in Blackpool, north west England, to commit the union to boycott the government's Youth Training scheme.

Despite the limited practical effect of this vote, the issue was immediately raised in the House of Commons by Mr Michael Howard, the employment secretary. As Labour's biggest financial backer and wielder of the most votes at the party's annual conference, the TGWU retains a unique ability to embarrass.

The spotlight has been on Blackpool this week as ministers tried to force home an attack on Labour's links with unions. Yet the TGWU has proved a more difficult target for criticism this week than throughout much of the 1980s.

Its profile was high for three reasons. Firstly, the union's size and traditional links with Labour. Mr Bill Morris, elected as the next TGWU leader, made this explicit yesterday in one debate: "This union will never part company with the Labour party, because we are the Labour party".

Appeal for unity: Bill Morris has made a forceful start to his leadership of the union

Secondly, the union's divisions with the party on issues such as nuclear disarmament. When the TUC debated policy on union law and pay policy, the TUC played a leading role on the left.

The third reason was the union's instability. The internal warfare between its left and right factions culminated this year in the sometimes bitter leadership election campaign between Mr Morris and Mr George Wright. Mr Morris won and will succeed Mr Ron Todd next year.

Yet, on each count, the TGWU has this week largely continued a process of healing that started at the 1989 conference. Perhaps the most notable change has been an internal one, from which policy changes will eventually spring. That is a distinct slackening of tension between right and left.

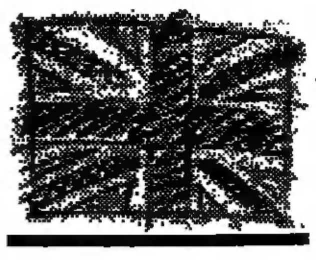
Mr Morris has had a good week at the conference. He has tried to start his period of leadership forcefully: appealing for unity and saying there must be only "one agenda" under his leadership.

The factor which has altered least is the union's size and influence. Even here, a change has taken place since the last TGWU conference. That was followed three months later by a switch to multilateral disarmament at the Labour conference which showed the TGWU's 1m block vote did not rule.

Yet the publication of a poll disclosing public doubts about Labour links with unions means the TGWU's relations with the party are still a difficult issue. The long term changes to party policy-making reducing union block votes at Labour's conference are still in their early stages.

Mr Morris yesterday tried to set out how the union would expect to be treated by Labour. He insisted the two would work in partnership: "We do not want to run the Labour party, we just want to influence it," he said.

BRITAIN IN BRIEF



MoD seeks new attack helicopter

The Ministry of Defence will buy a new attack helicopter for the army "towards the end of the decade". Mr Alan Clark, defence procurement minister, said proposals for the "off-the-shelf" contract would be invited in the first half of next year.

This follows the collapse late last year of a collaborative programme to build a light attack helicopter, involving the UK with Italy, the Netherlands and Spain.

Leasehold law to be reformed

The government is to propose reform of England's antiquated leasehold law, replacing it with a system of common-hold, similar to those operating in the US and Australia.

Under the new system long-leaseholders will have the right to buy the freehold of the property at market value provided a majority of existing tenants and other long-leaseholders in the building agree.

Volkswagen to drop car prices

Volkswagen joined in the UK new-car price war, announcing price cuts of up to £1,000 on its Golf, Jetta and Polo ranges. VAG (UK), the Lonrho-owned importer of Volkswagen and Audi cars, said that the lower prices would apply until the end of August.

It is the fifth major manufacturer or importer to make such cuts, following Fiat, the Italian car maker, Nissan UK, Ford and Vauxhall. The five makes together account for just over one half the total new car market.

International role for Steel

Sir David Steel, former Liberal leader, pictured above, is to become president-elect in September of the Liberal International, which links Liberal parties around the world. He will become president in 1993.

Scottish paper to close

Mr David Murray, the Scottish businessman who controls Glasgow Rangers football club, announced that Sunday's edition of the Sunday Scot will be the last. The popular paper was launched in March but never really looked like hitting its circulation or financial targets.

Ombudsman is appointed

Mrs Jane Woodhead, 37, is to become the second Building Societies Ombudsman from 1 August. The post has been created because of growing complaints by building society customers. The number has trebled since the scheme was set up.

North Sea field given approval

EE Caledonia, the company formed by Elf Aquitaine, the French state-controlled oil group, and Enterprise Oil, the UK group, to operate joint North Sea assets, has received approval to develop the Chanter oilfield.

Appeal Court clears company

Smiths Concrete, a ready-mix concrete company, has been cleared in the Appeal Court of breaching a court order preventing it from entering price-fixing agreements. A £25,000 fine was also quashed.

Waste oil is dumped

Motorists servicing their cars illegally dump 40,000 tonnes of waste oil every year, according to a government survey. *Only 7 per cent is* properly disposed of but if it was collected and reprocessed it could be used for industrial applications.

Greater use of debit cards

Payment by debit cards – plastic cards which take payment straight out of a customer's account – rose by 18 per cent last year in the UK. Last year, the two UK debit card systems, Switch and Visa, handled about 500,000 transactions a day.

British Council chief selected

A director of the Bank of England, Sir Martin Jacomb, will be next chairman of the British Council. Sir Martin, 61, who is also chairman of Barclays de Zoete Wedd, will take over next March. The council, largely funded by the Foreign Office, promotes the English language and British arts overseas.

Lecturers' pay offer increased

University lecturers had their pay offer increased to 6.1 per cent from 5 per cent. This is in line with recent public-sector offers, but significantly below this year's 9.5 per cent rise for teachers.

Baker turns over new loaf

Hovis will break its 101-year-old tradition of baking brown-only bread from Monday when it launches its first white loaf.

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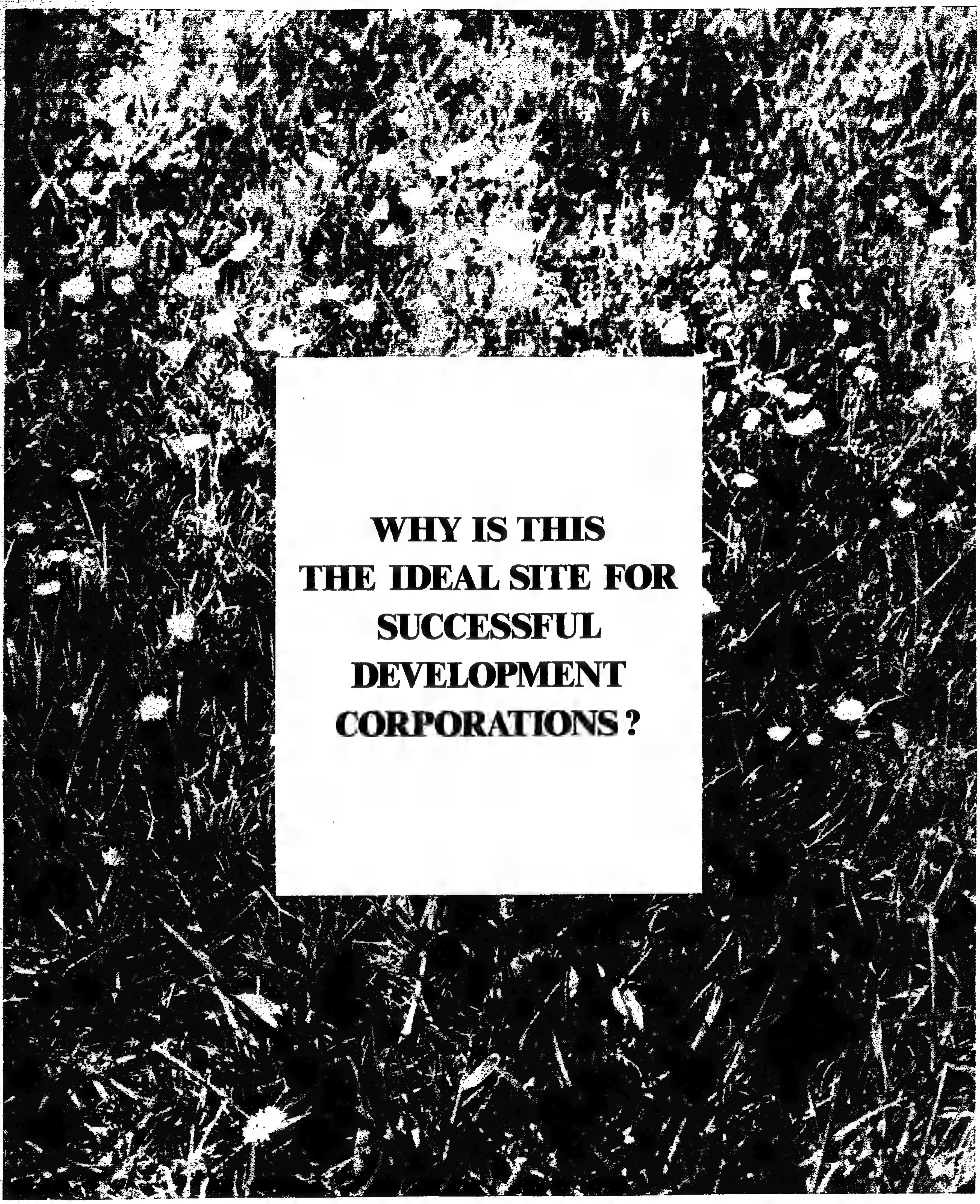

WHY IS THIS
THE IDEAL SITE FOR
SUCCESSFUL
DEVELOPMENT
CORPORATIONS ?

English Estates puts its faith in the market

By Chris Tighe

AFTER more than half a century working in areas shunned by the private sector, English Estates, the government-backed industrial and commercial property developer, is now offering investors the chance to buy chunks of its £400m portfolio.

The sale this month of some £53m of modern industrial estates is a watershed for England's biggest industrial landlord in its attempt to marry its traditional public agency role with a more commercially-oriented operating style.

Yesterday at a London hotel Allsop, the auctioneer, staged the first public auction of English Estates property raising £840,000 for the agency in the morning session alone, thanks to keen bidding for all the first five English Estates lots. The auction, which contains 36 English Estates industrial premises at asking prices totalling £15m, continued yesterday afternoon and resumes on Monday. went) Investors have until mid-July to submit bids to regional agents for four portfolios of modern industrial [redacted] developed by English Estates in [redacted] and south-west England over the last 20 years.

The sell-off, the first concerted attempt by the agency to dispose of its buildings to investors, is in line with the announcement made in April 1990 by Mr Nicholas Ridley, when he was trade and industry secretary, that it should sell its DTI-funded assets.

Ho[redacted] Mr Tony Pender, the chief executive of English Estates, [redacted] that even without Mr Ridley's decree he would have started this year selling the portfolio, English Estates' biggest ever, to investors. The aim is to generate income to plough back into development, and to avoid having to seek a grant in aid from the government.

But the possibility that government money can be secured to maintain this year's development programme, if sales of property prove unexpectedly disappointing, means [redacted] English Estates will maintain a tough stance on prices.

"Bargain-hunters [redacted] not apply," [redacted] Mr Pender. [redacted] our intention to undermine what we've been doing for 55 years by selling willy-nilly." Cheap sales of property, he argues, would reduce values in precisely those areas where the agency has tried to strengthen the market so that the private sector can take over.

The units now being sold were identified a year ago, and their tenants were offered the first chance to buy, at undiscounted prices. A second tranche, countryside properties built for [redacted]pment Commission, has already been ear[redacted] sale in [redacted] autumn. Properties which could be sold as investments next [redacted] have been provisionally selected too. In spite of the recession, Mr Pender is confident that there are plenty of investors, ranging from private individuals to large companies, looking for opportunities. Advance interest has been good; Sanderson Townend and Gilbert, the agents selling [redacted] £north-east portfolio, [redacted] has been valued [redacted] more than £12m, have received 600 requests for bro[redacted]

Mr Pender's faith in the market seems justified by the success of yesterday morning's auction. The properties, including two units let in the late 1970s on 99-year leases [redacted] six and 25 bids above the reserve prices and produced the [redacted] buyer [redacted] of the morning.

"It shows there's money in the market to be put into [redacted] investments if the yield and the quality of the buildings are right," said Mr Duncan Moir, a partner in Allsop. "I think people know English Estates are a good landlord, they have built good-quality buildings and they have been careful about the quality of tenants." Investors also [redacted] the [redacted] of something which has never [redacted] on [redacted]ket before, he added.

Even [redacted] substantial sales to tenants in recent years English Estates has plenty of scope in choosing assets for disposal. It currently owns 7,000 industrial and commercial units of accommodation totalling more than 22m sq ft in more than 600 locations from Berwick-upon-Tweed to the Isles of Scilly. In selecting properties to sell to investors it is trying to avoid creating piecemeal ownership on estates where none currently exists.

The four portfolios being sold this month through [redacted] agents range from the north-east, which is the largestand generates £1.5m in gross annual rental, to the south-west, where seven properties, producing current annual income of £638,000, are being offered at more than £5.3m. The selling agents argue that relatively low average current rents – in the [redacted] and [redacted] portfolio these are just £2.10p per square foot and in the north-east's only £1.73p – allow tremendous scope for rental growth. Capital values ra[redacted] £19.20 per square foot in Yorkshire and Humberside to £11.60 in [redacted] North-east portfolio.

Although English Estates still has its headquarters in Gateshead, Tyne and Wear, where it was first established in [redacted] Mr Pender insists that its history is one of constant change in response [redacted] different market – and political – needs.

He sees its work in London, where it is creating inner-city managed workspace in partnership with London Industrial, and at Chatham dockyard, in Kent, as [redacted] continuing demand for its expertise outside the assisted and rural areas where it remains very active.

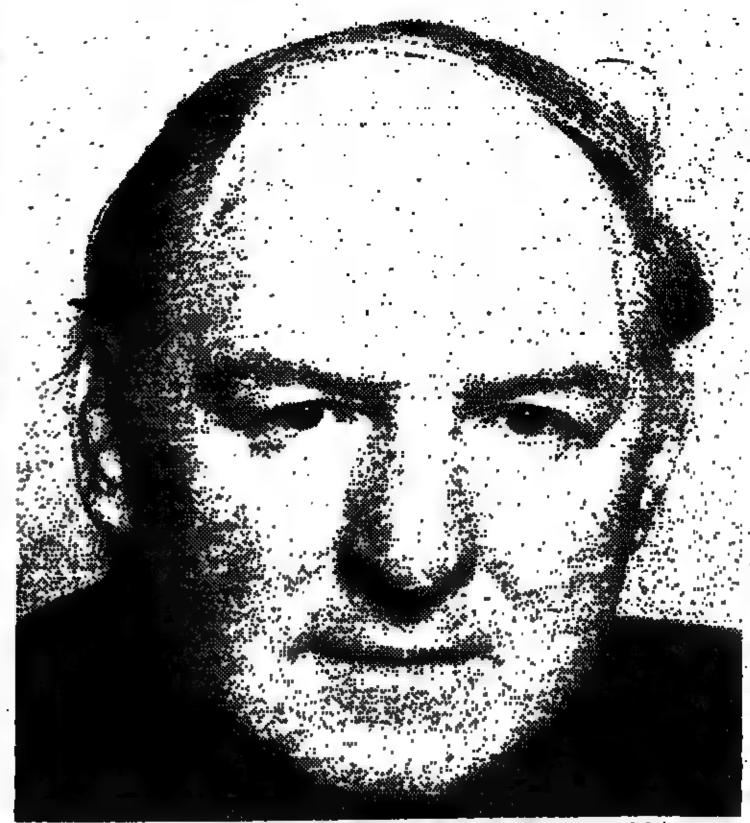
Mr Pender's ideal would be for English Estates to reduce its portfolio to about £200m and to borrow against its assets. But as a public agency that is not possible. And moreover the government wants it [redacted] sell all [redacted] existing DTI-funded properties, preferably over the next few years, if market conditions are right.

"What is managerially convenient has nothing to do with the political reality," says Mr Pender. But English Estates' capital expenditure of £73m in 1990-91, up by £16m on 1989-90 [redacted] rise in 1991-92 to £80m, suggests that the agency, even with a diminishing portfolio, will be filling a gap for many years.

CAPITAL GROWTH (%)

	[redacted]	[redacted]	[redacted]	All Properties
Year to May 91	−10.2	−15.8	−9.7	−[redacted]
Quarter to May 91	−1.8	−3.9	−1.1	−2.5
Month of May 91	−0.3	−1.0	−0.1	−0.5

Investment Property Databank



English Estates chief executive Tony Pender: his ideal would be to see the portfolio reduced to about £200m and to borrow against its assets

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COMPANY NOTICES

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In accordance with the law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund instalments due 1st July 1991 have been effected by the Junta do Credito Publico in Lisbon as follows:-

1ST SERIES BONDS

Purchases in the market consisted of 47 bonds of £20.00 totalling £940.00. The balance of the instalment was made up by the drawing in Lisbon of 1,600 bonds of £20.00 each and 300 bonds of £100.00 each, having a total value of £62,000.

2ND SERIES BONDS

Purchases in the market consisted of 7 bonds of £19.90 totalling £139.30. The balance of the instalment was made up by the drawing of 300 bonds of £19.90 and 5 bonds of £99.50 each, having a total nominal value of £6,467.50. In accordance with the terms of the General Bond, bonds of this series are repayable at a premium of 25% on their face value.

3RD SERIES BONDS

The instalment has been met by the drawing of 3,895 bonds of £19.90 each and 174 bonds of £99.50 each having a total value of £94,325.50 together with an equal number of non-interest bearing bonds.

The above-mentioned drawn bonds are repayable from 1st July 1991 to 31 December 1996 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO., LIMITED, 155 Bishopsgate, London EC2M 3XY, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

COURT OF SESSION, SCOTLAND
CROFT EXPLORATION MYANMAR LIMITED

Notice is hereby given that in a Petition presented to the Court of Session by Croft Exploration Myanmar Limited, a Company incorporated under the Companies Acts and having its Registered Office at 16 Woodside Crescent, Glasgow for Confirmation of Reduction of Capital of the Company by cancellation of the 100 issued B Ordinary Shares and the cancellation of the 4,999,900 unissued B Ordinary Shares, the Court, by Interlocutor dated 5th July 1991 ordered notice of the dependence of the Petition to be given by advertisement once in The Edinburgh Gazette and once in each of The Scotsman and Financial Times newspapers and appointed all persons claiming interest to lodge Answers thereto, if so advised, within eight days after such advertisement.

Of all which intimation is hereby given.

McGrigor Donald
63-73 Queen Street,
Edinburgh
Solicitors for the Petitioners

5th July 1991

PERSONAL

AUTHORS Your book published. De[illegible] Excalibur Press [illegible], 13 Knightsbridge Green, London, SW1X 7QL.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF BENCHMARK GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was [illegible] 1991 presented to Her Majesty's High Court of Justice for the confirmation [illegible] (a) [illegible] above-named [illegible] 70,000 [illegible] share premium account by £1,264,000.
AND NOTICE IS FURTHER GIVEN THAT the said Petition is directed to be heard before the Honourable Mr. Justice Mervyn-Davies at the Royal Courts of Justice, Strand, London WC2 2LL on Monday, 2nd day of July 1991. Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for confirmation of the said reduction of capital and share premium account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

DATED the 8th day of July 1991.

NORTON ROSE
Kempson House
PO Box 570
Camomile Street
London EC3A 7A
Solicitors for the Company

PANNEL KERR FORSTER FINANCIAL SERVICES LIMITED

NOTICE IS HEREBY GIVEN THAT -
(a) By a Special Resolution of the Shareholders of the above-named Company approved at an Extraordinary General Meeting of the Shareholders held on 5th July 1991 the payment out of capital of £199,7[illegible] for the purpose of the Company acquiring 200,000 Non-Cumulative Redeemable Preference Shares of £1.00 each from the following shareholders was authorised:-

1. [illegible]00,000 Non-Cumulative Redeemable Preference Shares of £1.00 each from Peter Crowther-Alwyn.
2. 100,000 Non-Cumulative Preference Shares of £1.00 each from Anthony Edward William Hugh Butcher.

(b) The amount of the permissible capital payment as defined by Sections 170, 171 and 172 of the Companies Act 1985 was £200,000.

(c) The statutory declaration of the directors and the auditors' report required by Section 173 of the said Act are available for inspection at the Registered Office of the Company situated at 78 Hatton Garden, London EC1N 8JA.

(d) Any creditor of the Company may at any time within the period of 5 weeks immediately following 5th July 1991 (being the date of the above mentioned Special Resolution) apply to the High Court under Section 176 of the said Act for an order prohibiting the payment.

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Totton – Southampton

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- [illegible] workforce
- Turnover [illegible] third parties [illegible] m [illegible]

For further information contact [illegible] Joint Administrative Receiver, John Dare, [illegible] Peat Marwick, 1st Floor, Dukes Keep, Marsh Lane, Southampton, [illegible] 1EX.
Tel: (0703) 631465. Fax: (0703) 223547

KPMG Corporate Recovery

Touche Ross

Edward W. Gittins & Sons Ltd
(In Administrative Receivership)

The Joint Administrative Receivers, P. H. Bendall [illegible] G. J. [illegible] offer for sale the business and [illegible] of Edward W. Gittins & Sons Ltd situated at Johnstown, Wrexham, Clwyd.

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For further details please [illegible] D. Elliott at the address below.

Reliance House, 20 Water Street, Liverpool L2 8UY.
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LEONARD CURTIS

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Harmony mined from seam of goodwill

Robert Corzine explains how a uranium producer prepared for Namibian independence under a Swapo government

Few managers of multinational companies operating in Africa welcome a summons to the presidential palace. The pleasure would be doubly dubious if your company had been a recent target for nationalisation, was on the point of a profits collapse that would leave the government without one of its main tax sources and was planning to reduce sharply one of the country's largest workforces.

But when Mike Bates, the outgoing chief [illegible] of Rössing Uranium in Namibia, dutifully arrived at President Sam Nujoma's Windhoek residence one night last April, he was greeted with the bouquets of a formal farewell reception rather than the verbal brickbats normally directed at what was one of the world's most vilified companies in the 1980s.

For [illegible], a British-born mining engineer who had become widely identified with the company's fortunes, the night [illegible] a personal triumph.

For Rössing and its UK parent, the RTZ mining [illegible] it was vindication of a long-term [illegible] to [illegible]pare the company [illegible] culture for Namibian independence [illegible] under a Swapo government.

The task was formidable. Swapo's election manifesto specifically called for Rössing's early [illegible]alisation. [illegible] many Swapo offici[illegible] had worked for years to isolate [illegible] from [illegible] overseas markets through United Nations sanctions and an international public relations campaign which brought together [illegible] anti-apartheid and anti-nuclear lobbies in a powerful coalition.

"Throughout much [illegible] the [illegible] the range of comment about Rössing was extraordinary and mostly a pack of lies," says Clive Algar, manager of corporate affairs. But he concedes that the campaign was at times effective.

Consideration of allegations about Rössing was often top of [illegible] at RTZ's annual general meeting in London for much of the 1980s.

"Even [illegible] briefing documents [illegible] to [illegible] United Nations force which oversaw the transition to independence contained blatant untruths about the corporation," according to [illegible], managing director of [illegible] Mine.

Rössing's managers had met representatives from [illegible] Namibian political parties [illegible] the early [illegible], including Swapo officials in exile.

In [illegible], however, they decided more extensive consul[illegible] would be needed if Swapo's perc[illegible] of the company were to be changed in the run-up to independence.

"At first there was a degree [illegible] caution on Swapo's part," says Algar. "Many Swapo officials had been out of Namibia for a number [illegible] years, and they needed to see things on the ground. But we found them willing [illegible] listen to our mes[illegible]."

Bates was one of the first [illegible]amibian businessmen to meet Nujoma when he returned to Windhoek and the Swapo [illegible]er made a point of visiting the remote mine, which in 1989 accounted for 26 per cent of Namibian exports and 10.7 per [illegible] of GDP.

That visit and subsequent talks with Rössing managers convinced Nujoma that [illegible] company had indeed planned carefully for its post-independence role and that it was seri[illegible] forging a partnership with the government.

The formal element of [illegible] partnership can be traced to the [illegible] when RTZ set up the Capricorn Trust, into [illegible] number [illegible] "A" shares for [illegible] future benefit of the first UN-recognised government [illegible] Namibia. The shares represented 3.5 per cent of the company's equity but [illegible] voting rights [illegible] AGM equivalent to more than 50 per cent of the total. The government was [illegible] guaranteed a seat on the board.

Intangible [illegible] also played a part in influencing the politicians. Zedekia "Doctor Zed" Ngavirue, Nujoma's economic adviser, says he was "[illegible]" at the attitude of senior [illegible] when [illegible] first joined the company as director of personnel and training.

"There were people in top positions [illegible] did not have prejudices [illegible] majority rule. Some had experienced the transition [illegible] independence in Zimbabwe and were quite con[illegible] an early stage that Namibia would change." The company recognised that it would have [illegible] with Swapo.

Ngavirue says the politicians were also impressed by the company's philosophy that [illegible] the need [illegible] a good [illegible] to shareholders but which also acknowledged the need for corporations to plough back something into the country in a practical way.

The company [illegible] spent [illegible] past 12 years on the Rössing Foundation, through which 15,000 Namibians (out of a population of about 1.5m) have completed courses ranging from farming skills to hair-braiding. David Godfrey, the Foundation's director, acknowledges that Rössing's decision to "spend some money in Namibia because we made it in Namibia has bought it a hell of a lot of kudos, [illegible] and brownie points".

So pervasive is the presence [illegible] Foundation in Namibia that one government minister recently described the company as "[illegible] well-known educational institution that also dabbles in uranium mining".

Rössing managers fear that description may [illegible] than a kernel of truth about it, [illegible] the company's success [illegible] managing the political and [illegible] transition in Namibia has not been rewarded by the market place. "Commercial prospects looked pretty good until [illegible] September," [illegible] Algar. But the optimism gener[illegible] the lifting of UN sanc[illegible] dissipated when [illegible] became clear that Swapo's for[illegible] benefactor, the [illegible] Union, might dump uranium on world markets.

"Nobody knows details [illegible] policy or [illegible] of their stockpiles, but the threat has depressed spot prices to a point where they are uneconomic [illegible] all producers, including the [illegible]viets," adds Algar.

Rössi[illegible] response was a 25 per cent [illegible] in production as of April 1 [illegible] 250 redundancies through [illegible]tural wastage out of a total of [illegible]200 jobs. Production is likely [illegible] be cut further later this year [illegible] more jobs will be shed over [illegible] next few years as profits fall.

In 1990 net attributable profit to R[illegible] from Rössing was £9m comp[illegible] with £16m in 1989. But [illegible]fficials concede there is litt[illegible] likelihood of profits this year.

The strain [illegible] also be felt by the governm[illegible]. It can expect little direct [illegible] revenue from the company, [illegible] last year accounted fo[illegible] per cent of national tax re[illegible].

And even the Rössing Foundation, whose income was based on a per[illegible]tage of the mine's profits, [illegible] seeking commercial opportun[illegible] to underpin its finances.

"It could be 199[illegible] 1996 or 1998 before the marke[illegible]urns," says Kesler. But he [illegible]eves Rössing's social activi[illegible] and government support will not be undermined by au[illegible]erity.

"We [illegible] have [illegible]rst world expertise to [illegible] vive in the mark[illegible], but we must still transfer [illegible]pertise to the people. We are [illegible] ing money to [illegible] conscience . . . politi[illegible] instability would be much m[illegible] expensive."

Sam Nujoma (top left): Rössing provided his Namibian government with 10 per cent of GDP and his people with practical training, such as dressmaking

Hard logic deserts the pundits

Christopher Lorenz discovers some dangerous dogma about the future of manufacturing

In the "post-industrial society" of the future, developed western nations will shut their nasty factories and make their living not through manufacturing, but by the clever creation of increasingly sophisticated (and clean) [illegible]. That [illegible] the conventional wisdom among gurus in the 1970s.

The realities of the 1980s seemed to have cured us of such arrant overstatement. At the corporate level, manufacturers discovered that it was hard to diversify successfully into services, and also that it was not impossible, after all, to create manufactured products with Japanese levels of productivity, cost, design, quality and service. Consider Xerox's revival, for instance, [illegible] the continued success of electronics manufacturers such as Intel and Motorola.

At the macro level, government policymakers and economists (some, anyway) underwent a two-fold conversion. They realised that no substantial nation could trade by services alone, and that, in any case, the [illegible] of successful new services is often closely associated with strength in manufacturing.

This is not just because new technology and products from the manufacturing sector spawn new services, and sometimes vice versa, but because manufacturing companies are often the leading-edge customers for all sorts of services.

Yet now, in a clarion call which also has implications for other industries, US computer makers are being advised to dump their vast business in hardware, and specialise only in software and services.

A long and bombastic article on "the computerless computer company" in the latest edition of the Harvard Business Review argues that by the year 2000 the most successful companies will be those that buy computers rather than build them.

Current American concern over Japan's soaring capability in various electronic hardware markets – laptops, computer memories, supercomputers and so on – is misplaced, claim the authors, Andrew Rappaport and Samuel Halevi, two consultants based in Boston.

This competitive erosion is actually good news, they maintain; it will re-direct US computer companies' attention to what actually matters, which is the creation of real market value in computing. As hardware prices fall to commodity-like levels, say Rappaport and Halevi, the value of computers themselves is becoming marginal and the real value is being created by Microsoft and other non-hardware companies.

As with every exaggeration, there is a degree of truth in the consultants' argument. Some US hardware-makers, notably Compaq and also Apple and IBM, have (as the latter admits) been slow to recognise that the competitive balance in computing has been shifting for some time from hardware alone to its combination with market-driven software and services.

The need to catch up lost time is one of the main factors behind the Apple-IBM software (plus hardware) development alliance which was announced last week – and which, if it proves successful, will be a tough challenge to Microsoft.

At the same time, many manufacturers in the industry have become increasingly ready to buy in quite a lot of their hardware while still focusing their own efforts closely on those components, product and systems where they can maintain an existing competitive edge, or construct one for the first time; Hewlett-Packard has done this in laser printers, for instance.

To this extent, the two consultants are shoving needlessly hard at an open door. They are also setting up something of a straw man when they claim (exaggeratedly) that there is an implicit assumption in the US that a "true" computer company is one that manufactures systems hardware.

But their prescription is also dangerously misleading – not just because of its failure to recognise the relationships between manufacturing and services, but also on purely practical hardware grounds.

In a giveaway sentence, they say that "so long as companies have reliable supplies of hardware – and this seldom means the most advanced hardware – there are fewer advantages and a growing number of disadvantages to building it".

The reality is frequently the exact opposite: that immediate access to the most advanced hardware can be crucial to a computer (or electronics) company's competitiveness, especially in relatively new product categories.

In such a fast-moving industry, where product lifecycles can be as short as six months, it is often in the first few months that most of the profit is achieved – together with the distribution access and market reputation which gives the initial supplier a reasonably sustainable advantage once rivals move in with similar products, and prices start to slide.

It is, to say the least, facile to argue, as Rappaport and Halevi do implicitly, that Japanese, Taiwanese and Korean companies will supply the very latest hardware to all comers just as quickly as they build it into [illegible].

This [illegible] may [illegible] on the part of a few semiconductor suppliers at [illegible] – especially where they have special sort of design relationship with one or two customer companies – but not right across the board of electronic hardware.

The article's implied suggestion that such open generosity does exist will create [illegible] paroxysms of laughter in Tokyo, Taipei and Seoul – and, one must hope, in Silicon Valley.

If Rappaport and Halevi were to apply their argument to the motor industry, they would presumably be telling the world that American (and European) car manufacturers should give up their competitive battle against Japan, should buy all their hardware cheaply from Toyota, Nissan and Honda, and should become mere distributors, service agents and garage attendants.

Just as the Japanese are already moving into computer software and services (through Fujitsu's acquisition of ICL, for instance), they are already getting increasingly active in car distribution and service – as Nissan's epic struggle to rid itself of its long-standing UK distributor demonstrates only too clearly.

Headlong flight of any sort, including that advocated in the HBR article, is a sustainable strategy for only one thing: corporate suicide.

* HBR July-August 1991. Reprint No 91411.

Global medical images

Getting a second opinion is common enough in medical circles, but the [illegible] consulted usually resides in the next room, not the next country.

But the Telemed [illegible] – part of [illegible] EC [illegible] programme – could result in medical images being transmitted over phone lines for consultation between doctors in hospitals throughout Europe.

"My dream is to phone up a professor in Edinburgh and say 'What [illegible] you think [illegible] this image?'," says Jean-Louis Lamarque of the medical imagery department of Montpellier's Hôpital Lapayronnie in southern France.

His department is responsible for setting up one of the [illegible] medical images. By the end of September around 1,000 mammographs will be stored in a digital format on an IBM 3090 machine in the hospital, categorised according to different [illegible] of [illegible]. After [illegible] researchers will have to complete a statistical analysis to calculate the prevalence of the illnesses in women of different ages and racial groups.

That is just the start of the task, says Robert Beribos, pres[illegible] of computer company Bytech, which is doing much of the computer work on the project. Technically, there is the need to get higher-resolu[illegible] images. At the moment there are 1,024 pixels, or picture elements, in [illegible] image, but Beribos believes there [illegible] double that in order to capture the minutiae of information needed to make a more accurate diagnosis.

But the problems in setting [illegible] the database are not so much technical as cultural. [illegible] begin with the [illegible] found difficulties in standardising the language [illegible] be used. "The morphology is curious," [illegible] Lamarque. "For example a tumour in the UK is different from a tumour in France."

Then there are developments in medical knowledge, such as [illegible] awareness [illegible] what constitutes the first stage of a tumour, which change the [illegible]sifications.

Della Bradshaw

Computer maker ICL is looking for a new cleaner. [illegible] job will include, among [illegible] things, vacuuming the company's new [illegible] anti-static carpet. The unusual part of the job is that the carpet is fitted not in an ICL office block, in Manchester or London, but in a [illegible] mine, some 200 metres underground.

Qualifications [illegible] the position [illegible] include a head for heights: the successful candidate will have to travel by lift down [illegible] mine shaft armed with a hard hat, battery-operated light and breathing equipment – as well as the traditional mop or brush.

ICL, now owned by Fujitsu of Japan, has lighted on the UK's only working salt mine as [illegible] most suitable environment for testing its [illegible] electro-magnetic interference. EMI is emitted from all electrical and electronic equipment.

EMI is most generally recognised as [illegible] interference on television screens caused by old-fashioned electric drills or [illegible]. But on a more serious [illegible], EMI has disrupted railway signalling, satellites, electronic petrol pumps and during the Gulf conflict caused an electronically-controlled missile to fire off accidently.

Tough new European legislation on EMI will come into effect from January 1992 – although delays in producing [illegible] specifications will give manufacturers a year of grace before they are prosecuted for failing [illegible] comply [illegible] standards. The challenge for manufacturers of large or complicated equipment, such as ICL, is that the restrictions will apply to all products sold after the [illegible] deadline – not just products developed after that [illegible]. Many such products are already on sale or, at least, on the drawing board.

The regulations are tough enough – EC [illegible] will become the only ones in the world where equipment will be tested for susceptibility to noise from neighbouring equipment as well as for the radiation it itself emits. But the difficulties [illegible] compounded [illegible] the actual environment in which testing is carried out is becoming increasingly difficult.

The problem is ambient noise: the stray emissions from broadcast antenna, local manufacturing industry, telephone lines [illegible] – [illegible] culprit [illegible] all – the mobile phone. As cellular phone operators try assiduously to ensure that their phones can be used anywhere in the country, in electro-magnetic terms they pollute more and more open spaces, points out Richard Livesey-Haworth, managing director of product operations at ICL. "As soon as we find a remote area of the countryside for testing, the mobile phone companies come along and pollute it."

This noise protracts the time taken to test equipment, as the opera[illegible] has [illegible] which of the signals detected are emitted from the machinery and which are interference from other sources.

Each piece of equipment has [illegible] be tested [illegible] frequencies [illegible] 30 megahertz and 1 gigahertz, in bandwidth chunks of 120 kilohertz, says Ted Forshaw environmental test manager for ICL. The job is arduous and time-consuming and the ambient noise makes it so complicated that much of the work has to be done manually.

ICL has been using the car park at its West Gorton manufacturing plant in Manchester for testing prototype equipment, or the empty staff canteen on the same site on a Sunday. But with tests for a single piece of equipment taking up to two days, the company had to look elsewhere.

A test facility underneath the West Gorton car park [illegible] considered, but [illegible] proven expensive. And coal mines were ruled out because coal does not absorb electro-magnetic radiation. Only the salt mine, still worked in Winsford by ICI Chemicals and Polymers – the salt is mainly used to spread on icy roads in winter – fitted the bill.

The glittery pink salt cavern was ideal because rock salt absorbs electro-magnetic rays, replicating [illegible] effect of the "open field" environment. [illegible] of the [illegible] – ICL has leased a site 3.5 miles wide by 2.5 miles long – [illegible] there was abundant room to house the test tent.

In addition, because [illegible] site is away from the elements [illegible] can be used all year round. It is easy, therefore, for ICL to ensure that that the temperature and the humidity are maintained in the long balloon [illegible] which houses the test equipment.

The only thing ICL had to do to perfect the underground [illegible], which has not been mined since the beginning of the century, was to add fire-resistant polyurethane wedges, loaded with carbon to give the correct absorption characteristics, to the roof above the tent.

Although far away from the "scourge" of the mobile phone, ICL still had to ensure that its own equipment did not interfere with the testing. As a result the lights to illuminate the route to the underground tent are placed in the far corners of the cavern, and the specially designed computer room, where the ICL staff analyse the results, is carefully positioned behind a huge salt pillar. All connections to the outside world are by optical fibres, not copper.

Inside the tent, a steel floor, which reflects any electro-magnetic noise back into the room in order to give a maximum emission reading, separates the bunker where most of the test equipment is situated. Above floor level all the bolts and pegs are made of wood or fibre glass, not metal.

Because of the absence of electro-magnetic noise the tests are easier to conduct, enabling computer software to do the job with little human intervention. The result is that the tests take about one fifth of the time to complete that they did in the West Gorton car park.

Apart from the machine under test, which turns on a revolving floor, the vast tent is minimally furnished: a sensor to [illegible] electro-magnetic noise; a second machine which bombards electro-mechanical [illegible] the prototype [illegible]puter; and a video [illegible] which relays pictures of the machine to the ICL staff working beneath the steel floor.

Although ICL has spent £1m on the project it believes it has got a bargain. Building an [illegible] anechoic chamber, or a outdoor [illegible] facility would have [illegible] the company more, [illegible] says.

The underground tent will be used to test all ICL-badged equipment and units from other [illegible] which are sold as part of a total ICL product. Non-military equipment from other manufacturers may also be tested there: Livesey-Haworth says manufacturers of medical equipment are already showing an interest.

Salt of the earth

Della Bradshaw visits ICL's underground facility where it monitors electronic equipment

Radio frequency picks up the call

EXTENDING a company's private phone network, such as when a company opens up a regional office, can be time-consuming and expensive, with the need to lease phone lines from the appropriate phone company. In the UK, manufacturer GPT, of Nottingham, believes it may [illegible] overcome the problem with a radio system [illegible] can transmit up to 256 simultaneous voice or data calls.

The Blackite radio system is the first [illegible] by the Department of Trade and Industry to operate in the millimetric radio frequencies, at frequencies up to 58 GHz. The digital system comprises two antennae – one at the transmitting end, [illegible] with [illegible] – which are wired into the company telephone exchange.

As an alternative to a digital phone line, which transmits data at the rate of 2m bits a second, GPT believes the Blackite could pay for [illegible] less than a year.

Other uses for [illegible] could be for cable TV opera[illegible] to offer phone [illegible] to [illegible] in their franchise areas, or for new phone companies to quickly set up their own network.

Photos [illegible] film out of the picture

A WAY of capturing colour photographic images and transferring them directly to a newspaper or magazine page make-up system, without using traditional photographic film, is now available in Europe.

The electronic publishing system from Sony, of Japan, cuts out the time needed to develop the film, enabling publications to introduce photos at the last minute.

The [illegible] comprises a Mavica camera, which takes photos on to a floppy [illegible]. The disc is then inserted into a PC, so that the image can [illegible] manipulated.

Alternatively [illegible] digital image [illegible] be transmitted [illegible] a phone line using a Sony DIH-2000P still image transmission system to a PC, Apple Macintosh or Sony workstation.

The PC is connected to the page make-up system so that the image can be easily transferred.

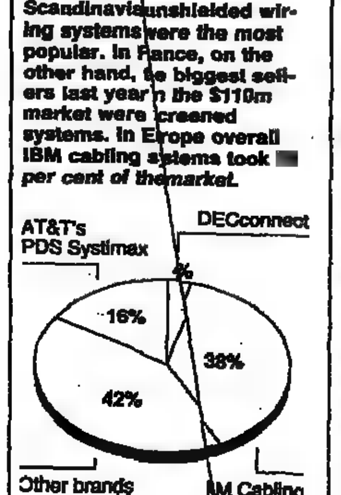
The one drawback, [illegible] Sony, is that while the system can be used for most publications, the quality is not yet good enough for the glossiest magazines.

Wiring systems set to soar

DESPITE the recession in Europe, the market for structured office wiring systems to link computers is expected to grow by 72 per cent by 1993, according to a report from the Building Services [illegible] and Information Association (BSRIA) and IT consultants Dataquest.

Although the European market for such systems was [illegible] $95.7m (£490m) in 1990, the report predicts it will grow to $1.37bn in the next two years. Unshielded and screened wiring systems will be the winners at the expense of shielded cabling.

The most striking feature of the market at the moment, says the report, is the variation in technologies used in different countries. The country with the biggest market – worth some $180m in 1990 – is Germany, where more than 90 per cent are shielded systems. In both the UK and Scandinavia unshielded wiring systems were the most popular. In France, on the other hand, the biggest sellers last year in the $110m market were screened systems. In Europe overall IBM cabling systems took [illegible] per cent of the market.



Source: BSRIA/Dataquest

Memory cards fall [illegible] line

ONE [illegible] the problems with the first pocket computers was that the memory cards used to introduce software packages (as opposed to the floppy discs with desk-top PCs) varied from machine to machine. But a standard format now devised by the Personal Computer Memory Card International Association (PCMCIA) – to which everyone from IBM and Intel to Fujitsu and NEC belong – looks [illegible] to change all that.

The memory cards will be usable with both pocket machines and desk-top PCs.

A range of cards which adhere to the PCMCIA standard is now available from DIP, of Guildford. Apart from their portability they have the advantage that, because they are made up of chips, not magnetic media, software applications stored on them can be run directly from the card. With floppy discs the program first has to be loaded into the machine, taking up valuable memory.

WORTH WATCHING

by Della Bradshaw

Swimmers dive into salt water

TOO much chlorine in a swimming pools can result in watery eyes: too little results in the spread of bugs.

But Clearwater Controls, in Cowes, on the Isle of Wight, has developed an electronically controlled system which destroys the bacteria while making for a chlorine-free swim. The system relies on nothing more than minute quantities of salt dissolved in the water.

At the heart of the system are electronic plates fitted into the pool's filtering system. As the water from the pool is passed over the plates a small electrical charge is passed through, producing chlorine gas from the salt. This kills off the bacteria, before turning back into salt. The cost to owners of domestic swimming pools is £2,500.

Contacts: GPT: UK, 0602 430600. Sony: Japan, 3 3448 2244; UK, 0256 474011. BSRIA: UK, 0344 426511. Dataquest: UK, 0895 835050. DIP: 0483 301555. Clearwater Controls: UK, 0983 299396.

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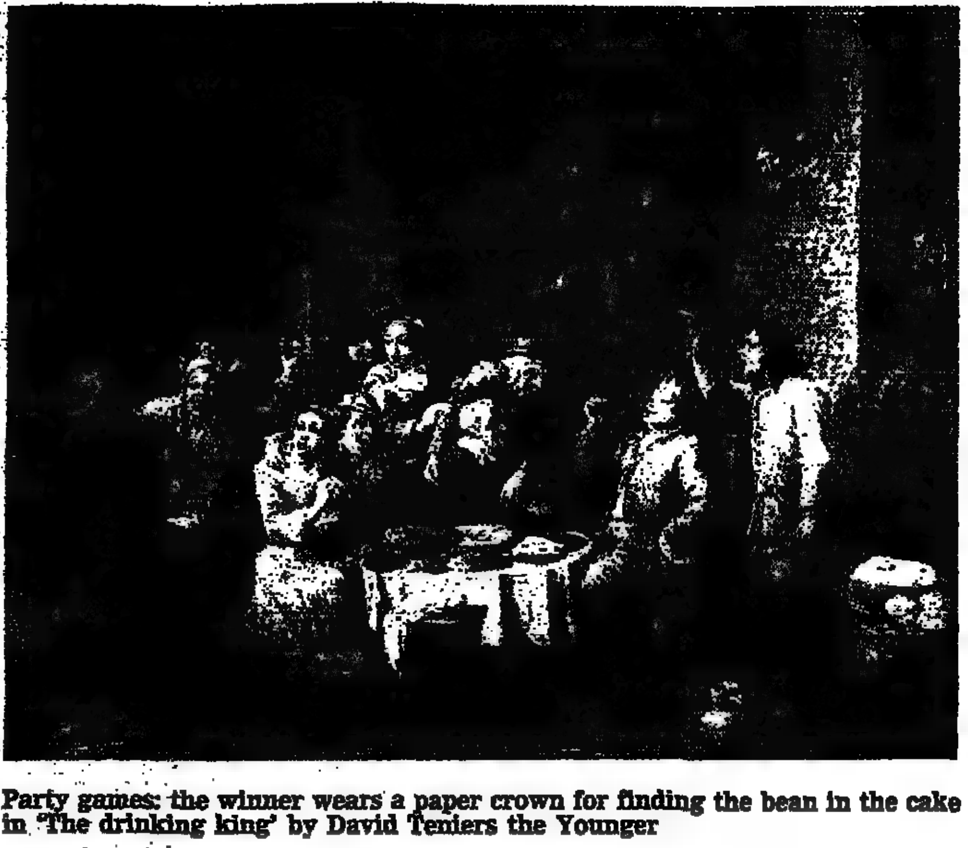

Party games: the winner wears a paper crown for finding the bean in the cake in 'The drinking king' by David Teniers the Younger

Peasants at play

Patricia Morison enjoys the Teniers the Younger exhibition at the Royal Museum, Antwerp

This summer the Royal Museum of Fine Art in Antwerp is celebrating the art of David Teniers the Younger with a magnificent exhibition. This is the first major show ever devoted to Teniers, whose death in 1690 brought down the curtain on Antwerp's artistic golden age. A dauntingly large selection of paintings, many lent by private collectors, present this genial and undemanding master at his very best.

Teniers's star has rather faded in this century, particularly if one thinks how hugely his little genre scenes were admired in the 18th and 19th centuries. One [illegible] for his decline is that his art is short on the qualities which nowadays we most readily admire. Teniers was not one for high drama, sensuality, or psychological profundity. And there is not a lot of variety to Teniers – or rather, he produced an infinite series of variations on a small number of themes.

The exhibition takes us, decade by decade, through Teniers's career. At the end as at the beginning, there are the same old subjects; soldiers, witches, gypsies; satires of monkeys dressed as humans (surely the least appealing subject in 17th-century art), grottos inhabited by hermits or saints. Above all, there are the scenes of Flemish peasants at work and play, with rather more of the latter. Here lies the real virtue of Teniers, as a painter of relaxed good fellowship. He had a talent for showing people [illegible] in each other's company, boisterous but not unbearably so at weddings and feastdays, or quietly intent on their beer and skittles.

The Teniers peasant is a *good-humoured creature, and* in some of his village scenes the gentry even come to watch as the rustics let their hair down. The peasants are often jauntily dressed, blue jackets, red bonnets or bodices giving [illegible] of brilliant colour to [illegible]'s [illegible] palette. Inevitably, peasant manners left something to be desired; there are drunks slumped at the wedding feasts, and Teniers was evidently fond of the motif of the man urinating against the [illegible] wall.

On the whole, however, Teniers was noticeably light-handed on the moralising aspect of genre painting, especially compared with [illegible] artists who harped remorselessly on the evil [illegible] of giving [illegible] up to [illegible] and pleasure. Nor are his [illegible] obviously stupid. The village barber-surgeon who tends an old man's foot may in fact be a quack, but the composition looks more like a secular [illegible] of human sympathy and devoted care. So many scenes of happy peasants, at the time when Flanders was being ravaged by the Thirty Years War, suggest that Teniers was deliberately looking on the sunny side. And that was surely the case when, from the 1650s, he was painting for the grandees of the Spanish court, conquerors of his native land.

From the outset, young Teniers clearly possessed a *strong sense of what the public* wanted. One of the most intriguing paintings in the exhibition shows Teniers at the age of 25, seated at his easel. This was a subject popular with 17th-century artists but Teniers has made [illegible] something very different, a painting which we suspect [illegible] be subtitled, "my brilliant career".

Real paintings like his studio, many by artists he particularly admired such as his father, [illegible] Brouwer, and Rubens who was, moreover, his first [illegible] guardian. (Teniers did not omit to make a very good marriage into the Breughel family.) His collection [illegible] he had taste and it also advertised his wares, for like Rubens, Teniers [illegible] in [illegible] all his life. But it is [illegible] these grand history paintings and mythologies which have enrapt[illegible] visiting the studio. They are lost in admiration in front of three examples of the young artist's skill – paintings which we actually see in the exhibition. They are propped [illegible] against a chair, which means it just so happens [illegible] have to kneel to inspect his work.

The young Teniers's bravado was prophetic. A quarter of a century later, we come to his famous gallery pictures. Teniers by then was exceedingly famous. [illegible] a country [illegible] and had [illegible] the right to wear a [illegible]. He had [illegible] as court painter to the [illegible] of the Spanish Netherlands, Archduke Leopold Wilhelm, and keeper of the fabulous collection of Italian Old Masters. [illegible] of these came from the [illegible] of [illegible] majesty, the [illegible] Charles I, and Teniers may have helped [illegible] the purchase in England. He painted some [illegible] gallery, [illegible] of which [illegible] in the exhibition. In the later [illegible], from Munich, Teniers blows his own trumpet by including portraits of his grandest patrons, Queen Christina of Sweden and Philip IV of Spain.

Rather admirably, Teniers also wanted to give something back to the profession which had served him so well. Leave some strength for the end of the exhibition, where you will find the splendid +Theatrum Pictorium+. This was the first illustrated catalogue, produced finally at Teniers's own expense so that artists could look at engravings of the archduke's collection which had by then been taken off to Vienna. He also obtained from Philip IV the permission and funding to set up an academy in Antwerp, ancestor of the present museum.

One [illegible] what Teniers would have made of [illegible] while this [illegible] of his [illegible] the superb permanent collection of the museum is not on view. Your choice is Teniers or nothing. [illegible] still, the museum's ambitious programme of temporary exhibitions, stretching [illegible] 1993 when Antwerp is Cultural Capital of Europe, means we shall be very lucky to glimpse the permanent [illegible] at all. I am told the problem is that [illegible] government will not pay for the custodians. And so Teniers's museum, one of the great collections in the world, looks like becoming a collection of [illegible]. Something, surely, has got to change.

The Threepenny Opera

THE GATE, DUBLIN

Frank McGuinness's new version of *The Threepenny Opera* has O'Caseyfied Brecht. Brecht's whores, thieves and beggars here speak in the broadest Dublin demotic. Cultural dislocation is ensured by retaining the play's London setting but placing the action in 1953.

The Dublin audience seem amused, even flattered by the use of local argot though I doubt if any but the Dubliner born and bred managed a 100 per cent comprehension level. Words were reinforced by the visual joke of a baby carriage, trade mark of Dublin's [illegible] vendors, loaded up not, as usual, with bananas, but with a pyramid of artificial limbs.

[illegible] and [illegible] by Monica Frawley and [illegible] Vanek revel in 1950s bad taste. A bare black [illegible] strings of bare light bulbs is adorned only by an ugly [illegible] of '50s kitsch in one corner. [illegible] never [illegible] to forget how unbecoming [illegible] the fashions of the decade, particularly at whore/beggar level.

The music, arranged by [illegible] Osborn, is conducted by him with considerable verve and impeccable timing from an on-stage piano and harmonium. The small brass band, seated upstage, achieve exactly the right level of raucous noise. Ensemble singing is the great strength of this [illegible] belting out choruses into the Gate's tiny auditorium at a volume that would fill the Earl's Court stadium unamplified.

Director Patrick Mason is a *collaborator* in the O'Caseyfication of Brecht. The result is soft-edged alienation lacking any threat of evil: [illegible] Brennan's Mrs Peachum could have strayed into this production accidentally on her way to play [illegible] in *Juno and the Paycock*. Paul Raynor's Macheath is more like a [illegible] bank swindler than the man responsible for the list of crimes enumerated in the Street Ballad of [illegible] Knife (as it is called in McGuinness's version). The diminutive "Mackie" [illegible] some [illegible] the softening [illegible] which has crept [illegible] the Brechtian underworld.

The production is [illegible] by [illegible] Marianne Faithfull as Pirate Jenny. You could have knocked me down with a kinky boot. My God, can she sing? She is right up there with the [illegible] of the post-Lotte Lenya chanteuses. Whatever she [illegible] done to achieve [illegible] husky, sound one is tempted to say it was worth it. She [illegible] has a commanding [illegible] presence, strutting around in a [illegible] basque, a slightly blowsy middle-aged tart, but still as [illegible] as hell.

Anna Healy's spirited Polly Peachum makes full use of a gymnastically [illegible]. A strong supporting [illegible] including John Olahan (Ballad Singer), Jim Bartley (Peachum) and [illegible] Hogan (Tiger [illegible]) work hard against the [illegible] Dublin the [illegible] nothing like Berlin in the [illegible] O'Casey's Dubliners [illegible] a far [illegible] bunch than Brecht's proletariat. Brecht and O'Casey [illegible] both great innovators in their own way, but this [illegible] merely obscures their individual strengths.

Alannah Hopkin

Marianne Faithfull as Pirate Jenny

The Bolshoy Opera

THE MET, NEW YORK

[illegible] *Onegin*, the Bolshoy Opera on its Met [illegible] presented the [illegible] took to Glasgow last year: Rimsky-Korsakov's *Mlada* and [illegible] *of* [illegible]. The former is a farrago of folklore, ancient rite, and ethnic evocations; but, as Gerald Abraham [illegible] said, "the episodes are handled so well, provided with music almost as colorful as almost any that Rimsky ever wrote, that one is almost induced to overlook the pointlessness of it all."

[illegible] had been [illegible] up [illegible] before as a spectacular pageant for joint composition by Cui, Mussorgsky, Rimsky, Borodin, and Minkus. Rimsky returned to it, [illegible] opera-less years, and [illegible] it all swiftly under the influence of his 1889 encounter with the [illegible] the Wagnerian leitmotif [illegible], he said, [illegible] composition. He [illegible] year [illegible] it, with richness [illegible] in the corny [illegible] scene, exoticism. Wagner, [illegible] and Rimsky's [illegible] captivating [illegible] pass in review.

The Bolshoy production, by Boris [illegible], offered few [illegible] to understanding. No libretto was on sale. The synopsis was summary: "The festivities are in full swing" had to cover the cosmopolitan market scene, Lumir's Song (no one could guess that she is a [illegible] to implore aid against a German invasion), the mysterious and beautiful Divination by Horses, the Procession of the Nobles, the Lithuanian and the Hindu dances. It [illegible] an arty, pretentious production, the main characters replicated by dancers, by lifesize dolls, by rag dolls tossed about, by children – and everyone dressed in white, which did not make identification [illegible].

By a *straightforward yet* sumptuously elaborate, brightly coloured presentation (much as this one [illegible] murkily lit), Rimsky would surely be [illegible] served. Prokovsky [illegible] of "channelling the complexities [illegible] a positive, dynamic, yet harmonized [illegible]" and tried to [illegible] something that it isn't. It was [illegible] to hear the music, in which inspiration for Stravinsky's [illegible] is apparent. Elena Zaremba, the Lumir (allowed just one verse of her song; trebles [illegible] the other two), was a singer it would be good to hear again.

The *Maid* – which the Bolshoy had never [illegible] before – was another fancy, murky Prokovsky staging: the men of the chorus in evening dress, with red cloaks, ranged oratorio fashion on the unit set; the women in white, sporting long angel wings when they represented Joan's [illegible] (which Chaikovsky wanted invisible). Centerstage, Joan brandished an eight-foot sword; [illegible] Lionel [illegible] their duet from pop-up pedestals, one on each side. For her burning she was hoisted up into the flies on a hot-plate.

When the Bolshoy came to New York in 1975, they brought solid, convinced, Stanislavsky-influenced, traditional productions of *Boris*, *Onegin*, *The Queen of Spades* and *War and Peace* (also *The Gambler* and Molchanov's *The Dawns are quiet here*); and singers like Atlantov and Mazurok at their prime. This *time they brought* quirky, theatrically ineffective versions of *Onegin* and the two "problem" operas; and few singers who even aspired toward Imperial smoothness and eloquence.

The company, like many a grand-opera company today, is in straits financial and critical. Many of the best Russian singers and conductors have elected to earn money in the [illegible]. One feels sympathetic. Makvala Kasrashvili, the house soprano – the lead in *Mlada* and the *Maid* – has a strong voice and a big jolly presence, and one rather warms to her even while flinching from her high notes. Oleg Kuliko, the tenor of *Onegin*, *Mlada* and the *Maid*, rings out surely at the top, even if he is a dull stick on the stage. Vladimir Redkin, the baritone of *Onegin and the Maid*, has a sure, handsome voice that he may learn to make expressive.

But it was hard not to feel that Prokovsky, after nearly 50 years' service with the Bolshoy, has been – especially in the new *Onegin* – essaying new things simply for newness' sake. "Bringing the Bolshoy into the modern age" has brought tiresome trendiness. The season was not a success.

Andrew Porter

Sex Please, We're Italian!

YOUNG VIC THEATRE

Tom Kempinski's [illegible] *Please, We're Italian!* is a [illegible] which is heralded as a farce yet scarcely [illegible] a smile, [illegible] a laugh [illegible].

Kempinski apparently [illegible] *that there is something* inherently funny in the use of the words "bonk" and "bonking", which must come up several hundred times in the course of the evening.

Other jokes are few and far between, unless you take kindly to such lines as "We're up the Venice Canal without a gondola," or "He's dropped us in the zabaglione".

There's a rather better exchange about the arrival of the Bishop of Naples in a small southern Italian town. "Did you come on a donkey?" "No, I'm the Bishop of Naples. I [illegible] in my BMW." "If he's an Italian, why didn't he [illegible] in a Fiat?" But that's about the limit of the wit.

Slightly more is to be said for the invention, which revolves around a [illegible] of Italians, cleric and lay, who spend their [illegible] – in Kempinski's word – bonking. A [illegible] of [illegible] *pregnancies and a possible* [illegible] relationship [illegible] happily, more or less, in [illegible] all round. The local orphanage is [illegible] local brothel, though it seems scarcely necessary [illegible] there is plenty of [illegible]. Everybody is at it; [illegible] the old woman in her [illegible] demands sex on [illegible]. Yet by the time the parish priest is accused of homosexuality – actually of being a pouff – as a [illegible] to prevent the incest, even the invention, too, has just [illegible] run its limits.

The piece is spoken throughout in irritating stage Italian [illegible]. Curiously enough, it is [illegible] by programme notes which claim a certain seriousness and morality for the work. I failed to spot either. Nor did I really recognise *Sex Please* as a farce. The scenes where priest and bishop jump up and down in a *rage are merely embarrassing.* There must also be something funnier to do with a stage bishop than deliberately spill coffee down his robes.

There are perhaps one and a half attractions. Helen Mirren is one of the whores. She looks good, moves well and is full of vivacity, though her accent sometimes slips. Kenneth Colley is not bad as the parish priest who was a bonker in his youth. Both players, however, deserve a better text. The direction is by David Thacker. He and the Young Vic are clearly in a desperate state to descend to this.

Malcolm Rutherford

De Musset double bill

THE ROSE, CHELSEA

Now, Alfred de Musset's two delightful chamber dramas, *Un Caprice* (1847) and *On Ne Saurait Penser à Tout* (*It's Impossible to Think of Everything*) (1849) can be seen in London for the first time, at The Rose, Chelsea. They are perfect for this small venue, the *soirée intime* par excellence, and a joy to see. It is as if Bulwer Lytton and de Maupassant had collaborated to produce domestic short stories on stage; and here is a precursor of the wit and [illegible] currently on show in the West End in Anouilh's [illegible].

[illegible] (1810-1857) is now more famed for his affair with the formidable George Sand than for his plays. In the 1830s, he [illegible] on theatre; the French had spurned his plays, but luckily they were reimported from Russia and played to acclaim in 1840s Paris. They included such gems as "On ne badine pas avec l'amour" and "Il faut qu'une porte soit ouverte ou fermée", which now looks more like French advice to the reluctant British over European union.

Caprice is at once about a purse, a man's honesty and a woman's fidelity. It is closet [illegible] for grown-ups. Le Marquis and la Comtesse have been married a year; he flirts with other women, covering his tracks in a waste of shame. He has been given a purse by another woman; but meantime she has embroidered her own for him. Male pride turns the token into a power struggle. A female confidante intervenes, toying with le Marquis and contriving to make him accept his wife's purse as an anonymous admirer's gift. En route to proving that one loves [illegible] flies beyond [illegible] reach, there [illegible] delightful touches: "I [illegible] almost as much as I [illegible] lilac," or "Do we happen to have a government in [illegible] this evening?"

It's [illegible] is more [illegible] exchange [illegible] Marquis and [illegible] are terminally vague [illegible]. He decides to marry her on the eve of an important diplomatic mission meticulously planned by his uncle; he keeps a note in *his snuff box to remind him to* propose; but when he [illegible] remember, he finds his putative fiancée can't concentrate.

The result is a *mélange* of delicious inconsequence, a wonderful display of people not listening to each other; these two have the attention-span of gnats on heat. Their failure to remember where they are or what they said last gives the play a centrifugal energy, as ideas fly out into the night like sparks from a wheel: commotion without illumination.

The acting in these two pieces needs to be of the best, and the actors deliver. Hilary Crowson, [illegible] and Paul Spence in *Caprice*, under [illegible] direction, find all of [illegible] subtlety and nuance. [illegible] *Impossible*, and [illegible] precise performances [illegible] Marley, Robin Cameron and *Liz* [illegible]. The costumes are all period sumptuousness. Perhaps [illegible] of these revivals will mean more [illegible] in London; I hope so.

Andrew St George

INTERNATIONAL ARTS PREVIEW

[illegible]

AMSTERDAM

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and culture on the life and work of Van Gogh. Ends [illegible] 22. Daily

BARCELONA

Fundacio Joan Miro Wols and [illegible] of paintings, photographs and illustrated [illegible] by the [illegible] experimental [illegible] Alfred Wolfgang Schulze, [illegible] installations by the 'transvanguard' Italian artist Enzo Cucchi (b1949). Ends Sep 15. Closed Mon

BASLE

Museum für Gegenwartskunst Frank Stella and Donald Judd: drawings of the past three decades by [illegible] contemporary abstract artists. Ends Aug 19. Closed Tues

CHICAGO

Art Institute Degenerate Art: The Fate of the Avant-Garde in Nazi Germany, featuring the work of artists [illegible] up for public mockery in 1937, [illegible] won recognition [illegible] of their realm. This is a widely-acclaimed exhibition originally mounted by the Los Angeles County Museum. Ends Sep [illegible]. Also The Gold of [illegible] Jewelry and [illegible] from Ghana, Ivory Coast, Mali and Senegal. Ends Aug [illegible] 18th and 19th century Staffordshire creamware by Wedgwood and [illegible]. Ends Oct 27. [illegible] English and French Printed [illegible] 100 examples mainly from 18th and 19th [illegible]. Ends [illegible] 3. Daily

DIJON

Musée des Beaux-Arts [illegible] from [illegible], an exhibition including many [illegible] paintings, drawings and sculpture, on loan from the permanent collection in the town [illegible] the French painter found much of his inspiration. Ends Oct 6. Closed Tues

DRESDEN

Albertinum Hans Arp and Sophie Taeuber-Arp: paintings, drawings *and sculpture* by *early 20th* century Dadaist pioneers. Ends Aug 11. Closed Mon
Zwinger Exhibition of [illegible] porcelain dating from early 18th century, plus a selection of 18th and 19th century coffee-house drawings from the Eduscho collection. Ends Oct 6. Closed Mon

EDINBURGH

Scottish National Gallery of Modern Art E.W.Nay: paintings and drawings [illegible]. A rare British showing of the intense, colourful visions of Ernst Wilhelm Nay, a central figure in the development of [illegible] art in postwar Germany. [illegible] July 21. Daily

FLORENCE

Casa Buonarroti [illegible] Gentileschi (1597-1651/3), follower of Caravaggio and possibly the most famous woman [illegible] of all time. The exhibition [illegible] 30 paintings from Italian and foreign museums, together with [illegible] masterpieces by her [illegible]. Ends [illegible] 4. Closed Tues
[illegible] Nazionale del Bargello The [illegible] of Calliope's Writing Desk: the collection of [illegible] and marble [illegible] built up by Cosimo I de' Medici [illegible] 1550 and 1574, and [illegible] in the [illegible] di Calliope, a small room [illegible] to guard the Grand [illegible] most precious belongings. The collection has survived almost intact, and is one of the most important and best-documented of its kind. Ends Aug 25. Closed Mon

FRANKFURT

Schirn [illegible] From Expressionism to the [illegible]: Art in Germany 1909-1936, the Fishman Collection. One of the most significant collections of German art from between the wars, with 190 paintings, drawings and sculptures by [illegible] Beckmann, Kirchner, Dix and Meidner. Ends Aug 18. Also Marc Chagall: the [illegible] years (1906-22), with 250 oils, watercolours, drawings and sketches. Ends Sep 8. Daily
Städel [illegible] Nauman: sculptures and drawings 1985-90. Ends Aug 18. Daily

LONDON

Hayward Gallery Richard Long (b1945): sculptures, mud [illegible] and photographs inspired by [illegible] in landscapes as [illegible] as Dartmoor, the Himalayas and the [illegible]. Ends Aug 11. Daily
National Gallery Guercino in Britain: an [illegible] bringing together [illegible] paintings from British public and private collections to mark the 400th anniversary of the birth of one of the finest 17th century Italian artists. Ends July 31. The new Sainsbury Wing, designed by Robert Venturi, is now open, housing the National Gallery's fine collection of early [illegible] paintings. Daily
Royal Academy The [illegible] Landscape: [illegible], Derain, Braque and Their Circle 1904-1908, with 75 paintings showing how the [illegible] vibrant [illegible] to express their subjective and emotional response to landscape. Ends Sep 1. Daily

Tate Gallery John [illegible] largest-ever survey of the English [illegible] work. Ends Sep 15. Daily

MADRID

[illegible] Nacional Centro de Arte [illegible] Sofia Joaquin Torres-Garcia: 120 paintings and sculptures by the Uruguayan who helped pioneer modernism in Latin America [illegible] his death in [illegible]. Ends Aug 12. Closed Tues

MILAN

Palazzo Reale Filippo de [illegible] (1896-1956): an exhibition, drawn primarily from Milanese private collections, of paintings by the Italian artist who [illegible] his style on the fluent, quasi-impressionist brushwork of [illegible] and Guardi. [illegible] Oct 11. Daily
Palazzo delle Stelline Georg [illegible] 50 large-scale [illegible] sculptures and drawings from the [illegible] of the German banker Harmut Ackermeier, covering the whole of [illegible] controversial [illegible] to [illegible] - from the 'angry young man' phase to the upside-down anti-illusionist work of the 1970s. Ends July 20

MUNICH

Kunsthalle der Hypo-Kulturstiftung Thought Pictures: Contemporary Art 1960-90. [illegible] and paintings by 27 internationally-recognised [illegible] including Donald Judd, Frank [illegible] and Bruce [illegible]. Ends Sep [illegible]. Daily

NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism: [illegible] by Gauguin, [illegible], Van Gogh, Renoir, [illegible] and others. Ends Oct 13. Also The Art of Paul Manship: retrospective of one of America's [illegible] sculptors. Ends Sep 1. Also Sculpture of Indonesia. Ends Aug [illegible]. Closed Mon
[illegible] of Modern Art [illegible] Reinhardt (1913-67): the first full-scale retrospective. Ends Sep 2. Also The [illegible] and Parks of [illegible] Marx, [illegible] century landscape architect.
Whitney Museum of American Art Hunt Diederich: figurative sculpture and drawings by a long-neglected early [illegible] century [illegible]. Ends [illegible] 29. [illegible] American Life: the 20th century [illegible] experience as seen in [illegible]. Ends Nov 10. Closed Mon

PARIS

[illegible] Pompidou [illegible] Breton (1896-1966): wide-ranging exhibition recreating the [illegible] world of one of the leading [illegible] of Surrealism. Ends Aug [illegible] Tues
Grand Palais From Corot to the Impressionists: [illegible] Dejeuner sur l'Herbe is the highlight of this exhibition in homage to Etienne Moreau-Nelaton, the [illegible] modern [illegible] of the Louvre and other French public [illegible]. Ends July 22. [illegible] Seurat retrospective. Ends Aug 12. [illegible] Tues
Jeu de Paume Jean Dubuffet: The Last Years. The [illegible] former temple of Impressionism inaugurates its new role as a national gallery of contemporary art with an exhibition devoted to the founder of art brut. Ends Sep 22. Daily
Louvre Pavillon de Flore Spanish Drawings: [illegible] of the 16th and 17th centuries. Ends July 22. Closed Tues

Louvre [illegible] Antiquaires Seating power: the historical development of seats as furniture, including a maharajah's throne, guilded [illegible] XIV armchairs and art nouveau [illegible]. Ends Aug 16. Closed Mon
Trianon de Bagatelle *Impressionism in Romania:* the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 8. Daily
[illegible] musees available at all metro [illegible] and museums, to [illegible] queuing at 60 museums including the Louvre, [illegible] d'Orsay and [illegible]

ROME

Capitoline museums and Accademia Valentino Valentino: Thirty [illegible] of Magic. [illegible] handed [illegible] the sort of [illegible] more gracefully on designers already dead, with a [illegible] spread over [illegible]. The Capitoline museums (ends July [illegible], [illegible] Mon) show photographs of Valentino designs, while the Accademia [illegible] Nov 5, daily) has 300 outfits [illegible] between 1960 and 1990 with their original [illegible].
Palazzo Ruspoli [illegible] Mark of Genius: 100 old master drawings from mid-15th to late-18th centuries, all of exceptional quality, lent by the Ashmolean Museum in Oxford. [illegible] July 28. Daily

VENICE

Fondazione Cini Michelangelo and the Sistine Chapel: photographic and [illegible] documentation of the restoration, prints by artists inspired by the [illegible] and a group of original drawings by Michelangelo. Ends July [illegible]. Closed Mon

VIENNA

Kunsthistorisches [illegible] Gold from the Kremlin: 100 [illegible] from *the era of the Tsars, many never* previously seen [illegible] Moscow, including the gold crown of Peter the Great. Ends Sep 1. Closed Mon

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Importance of farm reform

THE REVISED proposals for reform of the common agricultural policy put forward by Mr Ray MacSharry, the European Community's farm commissioner, are not without fault. But they are at least [redacted] serious [redacted] lenge. The [redacted] cannot, unfortunately, be said of the response from Mr John Gummer, the UK's farm minister.

Reform of the EC's common agricultural policy matters. It matters because the CAP absorbs almost 60 per cent of the EC's total budgetary resources, [redacted] – [redacted] ing to the OECD's latest report on agriculture – it imposed a total cost of \$133.4bn (roughly \$400 per head) on EC consumers and taxpayers in 1990, because it blights the prospects of eastern and central Europe and [redacted] is the most important obstacle to completion of the *Uruguay Round* of trade negotiations.

It has long been understood by serious outside observers that the solution lies in separating incentives for production from income support. Happily, such a separation is central to the Commission's proposals.

Any politically feasible reform on these lines will – and should – reduce the incomes of larger farmers by proportionately more than those of smaller ones. It is only because transfers are now provided through high prices that it is politically possible to provide some 80 per cent of the benefits to the 20 per cent of the farmers who produce most of the output. No [redacted] could openly legislate so regressive a transfer of income.

No discrimination

Nevertheless, separating incentives to produce from income support need impose no discrimination against production by larger or more efficient farmers (too often presumed to be one and the same). To the extent that such discrimination exists in the Commission's proposals, it is because they do not go far enough.

In the case of cereals, for example, the Commission's proposals are for a cut of about 35 per cent in prices over three years. All farmers would be compensated for the lost income, based on average EC yields.

Between roughly 20 and [redacted] hectares, however, farmers would receive the compensation only if they agreed to set 15 per cent of their land aside, but they would also be compensated [redacted] the [redacted] Beyond 50 [redacted] further compensation for the set-aside would not be made. The proposed compensation for [redacted] of income is larger and the required set-asides more modest than in Mr [redacted] original proposals.

Correct objections

The correct objections to the economic inefficiency inherent in this plan are to the arbitrary nature of the set-asides and to the *absurdity* of paying farmers not to take advantage [redacted] incentives to pro[redacted] *objections* [redacted] cogent. [redacted] not the British objections.

How can [redacted] minister who has committed *himself* to the principle "that the whole area of Britain that is now [redacted] must continue to be farmed" object to the economic inefficiency of almost any proposals? Imagine the reaction to a minister saying something similar about coal mines or shipyards. What lies behind these complaints is not concerns about efficiency. They are motivated by a correct recognition that large farms with high yields would not be fully compensated for the loss in income attendant upon lower prices.

The serious objection to the MacSharry proposals is that they do not lower prices enough. In addition, the compensation they offer is excessive. But the underlying principles are right. Support for the Commission's proposals provides a litmus test for a British government supposedly dedicated to farm reform, liberalisation of international trade and reliance on the market.

If Mr Gummer proves incorrigible, the decision falls to Mr Major. He must decide between the barons of East Anglia and far weightier concerns, including his role as host of the summit of the group of seven industrial countries next week. Either the UK is part of the problem or part of the solution. At the moment it is part of the problem masquerading as part of the solution.

Electoral reform on the agenda

LABOUR'S REPORT on electoral reform, published today, *deserves to be widely read* and discussed. For too long the subject has been the preserve of the Liberal Democrats and the flat-earthers. It is time for a national debate.

The problems of the UK electoral system are well-known. A party *(of either stripe)* can be elected with a secure majority on little more than 40 per cent [redacted] the popular vote. Parties *whose support is regionally* concentrated have no difficulty winning seats under the first past the post system. But a minority party with 25 per cent of the popular vote spread evenly across the country can find it hard to win even 5 per cent of the seats.

Worse, the UK is exporting the consequences of its [redacted] tive system. A moderate swing to Labour in [redacted] European elections produced a disproportionate increase in the number of Labour MEPs, altering the political balance in the European parliament. Labour MEPs now dominate the socialist group, yet there are no UK Green MEPs to represent the 15 per cent who voted green.

The advantages of the first past the post system are well rehearsed. It is more likely to produce a decisive result, and hence "strong government". Proportional representation, by [redacted] often gives more power to politicians good at horse-trading in smoke-filled rooms to assemble majorities.

If the UK system gives disproportionate power to major parties, proportional representation can hand power to minorities. The Israeli system is the worst example: any oddball who wins 1 per [redacted] of the vote gets a [redacted] in the Knesset and a veto in the cabinet. And even the much-vaunted German electoral system has meant in practice that voters can choose any government so long as the liberal Free Democrats get the foreign office and the economics ministry.

Strong government

However, while the UK system can produce strong government, it is a moot point as to whether it produces good government. Prof Plant's report for [redacted] Labour party points out that strong govern[redacted] produces [redacted] swings from left to right and back again. The fate of the steel *industry – nationalised, dena*tionalise, renationalised and then privatised over 35 years – makes the point.

Effective government may be government by incremental *change, with a premium upon* continuity. Forcing politicians to work with other parties not only rounds off the rough edges of partisanship, it also opens political systems to new *ideas. The electoral success of* Germany's Greens forced the major parties to modify their thinking long before their UK counterparts.

Governmental stability

In any case, a majority for one party is not a prerequisite for stable government. Germany, Sweden, Norway and Denmark have done without it, but still enjoyed governmental stability (not to mention greater [redacted] than the UK). Italy [redacted] a [redacted] example, but it [redacted] arguable that [redacted] instability [redacted] Italian governance [redacted] elsewhere: the strength of the Communists and the culture of the Christian Democrats, which has thrived upon wheeler dealing in general and with smaller parties in particular.

Labour's report sensibly concludes that there is no panacea, an electoral system for all elections: the choice should depend on the purpose of the body. If a strong link is required between MPs and constituencies, then the multi-member Single Transferable Vote used in Ireland is ruled out for the House of Commons. But it may [redacted] appropriate for [redacted] European Parliament, [redacted] enormous single-member constituencies provide tenuous accountability for MEPs. An elected second chamber might wish to strengthen regional representation, using a list system (though lists can give too much power to the party apparatchiks in deciding who goes on them).

For a major party to argue on the rational merits of different systems is a refreshing change, however. The case for reform is strong and the debate should now proceed in detail. Should the next general election create the political conditions for action, the time will have been well spent.

The Group of Seven summit in London will expose both harmony and division between industrial nations, says **Peter Norman**

A table piled high with problems

This year's economic summit of the world's leading industrialised democracies will be rich in paradox.

Geopolitically, the meeting, which starts in London on Monday, will be a potent symbol of the end of the cold war. Yet the problems for discussion will also show how far short the world is of President George Bush's ideal of a "new world order", based on peaceful settlement of disputes, solidarity against aggression, reduced and controlled arsenals and the just treatment of all people.

Economically, the meeting will assert the superiority of market-oriented policies and sound macroeconomic management. This will be despite the past year's recession in three summit countries that has *resulted in the worst economic* performance in the industrialised world for nearly a decade.

On one level, the summit's determination to find mutually consistent solutions to such problems as trade *liberalisation, third world indebted*ness, environmental degradation and the scourge of drugs will underline how interdependent the big industrialised nations of the world now are. Accordingly, the UK government has decided that the theme of the meeting should be: "Building an international partnership and strengthening the international order."

But no one should suppose that the Group of Seven summit nations or the European Community that will also be represented in London form a naturally harmonious and homogeneous partnership. No amount of diplomatic drafting will be able to dissolve differences of view and emphasis among *the leaders of* the US, Japan, Germany, France, Britain, Italy, Canada and the EC on *specific questions* such as how far to dismantle farm protectionism or how best to help the Soviet Union escape its economic and political malaise.

The sense of paradox surrounding this 17th annual economic summit will be maintained to the very end. The scheduled meetings between President Mikhail Gorbachev and the other *summit* leaders in London on Wednesday and Thursday have already ensured that the talks will be dominated by a man who represents none of the summit nations.

Mr Gorbachev will come to London *with difficulties that make those of* the G7 countries appear trifling. "He is having to cope with three major problems at the same time on [redacted] scale faced by no empire previously in history," commented a "sherpa", one of *the senior G7 officials charged with* preparing the summit. The challenges for the Soviet Union of liberalising its economy, re-ordering its body politic and retreating from the vast territorial hegemony established after the *second world war are well beyond the* experience of any [redacted] none of whom is likely to forget the Soviet Union's nuclear might.

At their last summit in Houston a year ago, the G7 leaders committed themselves to helping the Soviet Union create an open society, pluralistic democracy and market-oriented economy. The intervening 12 months have been a sobering time for the industrialised nations – and not just because of the failure of the Soviet leadership to progress with economic reform.

The Houston meeting – on the morrow of [redacted] and monetary union – trumpeted the 1990s as the "decade of democracy". It declared that changes in Europe gave "great hope for [redacted] world in which individuals have increasing opportunities to achieve their economic and political aspirations, free of tyranny and oppression". More practically, the leaders pledged to maintain "a high level of personal involvement and to exercise the political leadership necessary" to ensure a successful outcome of the Uruguay Round of trade liberalisation talks by the end of last year.

Less than three weeks after Hous[redacted] Iraq invaded Ku[redacted] events since the allied victory in the Gulf war have done *nothing* to encourage hopes that the world will quickly be free of tyranny and oppression.

Despite [redacted] *Houston summit* pledges, the trade liberalisation talks under the auspices of the General Agreement [redacted] Tariffs and Trade (Gatt) nearly foundered in December and are only now being brought back *to life with some difficulty. The* union of the two Germanys, while a political triumph for Chancellor Helmut Kohl, is proving far more costly than anybody envisaged. Recent events in Yugoslavia have shown how the disappearance of the Iron Curtain has uncovered old sores and spilt new blood on [redacted] that some had thought might finally be free of war.

The world has shown itself to be a messy and complex place. And managing it has been made no easier by strains in the leading industrial democracies themselves.

The impressive US-led victory in the Gulf cannot conceal the lack of US economic hegemony in the G7. Although the administration in Washington appears confident that the US [redacted] emerging from recession, [redacted] nation's [redacted] are legion, ranging from a chronic budget deficit to an enfeebled banking system.

The other [redacted] countries have problems. Mr John Major, who will be attending the summit for the first time as UK prime minister and host, and Mr Brian Mulroney, the prime minister of Canada, have precious little proof that the deep recessions in their countries are over. Germany is *struggling to* control a ballooning budget deficit and faces soaring unemployment in the former eastern Germany. France has been teetering *on the edge of recession while Italy* has yet to control its perennial budget deficits.

Even Japan, the fastest-growing G7 country, worries that its export success might provoke renewed trade friction with the *US and EC. Recent* brokerage house [redacted]candals and depressed equity prices in Tokyo have raised the spectre of prosperity being undermined by financial fragility.

All summit countries except Japan are strapped *for cash* with their budgets and current account balances in deficit. For this reason alone, Mr Gorbachev – who will be accompanied by Mr Grigory Yavlinsky, the radical economist who devised an economic reform plan for [redacted] Soviet Union involving large-scale financial support from the west – would be ill-advised to seek [redacted] large hand-out when he meets his [redacted] colleagues.

The G7 meeting will assert the superiority of market-or[redacted] policies despite the past year's recession in three summit countries

Unless the intense pre-summit diplomatic contacts between the G7 and the Kremlin have been to no avail, Mr Gorbachev will do no such thing when he [redacted] in London.

Instead, his fellow leaders hope that the Soviet president will spell out his plans for *economic, political and constitutional reform in precise* detail. They want to learn whether Mr Gorbachev really understands what is involved in such concepts as price reform or the free market. In particular, they will be looking for his political [redacted] of what he [redacted] deli[redacted] by way of change.

The will to help the Soviet Union exists among the seven, but not in equal measure. Japan is probably the least willing, mainly because the *Soviet Union is still occupying islands* taken from Japan in the second world war and partly [redacted] it [redacted] that its economic strength would leave it carrying the biggest financial burden.

The US, Britain, [redacted] and [redacted] are cautious to varying degrees. *Italy* has traditionally fos[redacted]red close ties with the [redacted] Union while Germany is the most enthusiastic supporter of wide-ranging assistance for Mr Gorbachev.

The reasons for Germany's enthusiasm are clear. Mr Kohl, who has since developed a warm personal relationship with the Soviet leader, will never forget that it was President Gorbachev who allowed the breach in the Berlin wall on the night of November 9 1989. There would be enormous benefits for Germany's export-oriented economy from a prospering Soviet Union. As chancellor of the recently united Germany, Mr Kohl is still playing host to some 300,000 Soviet troops [redacted] in the former German Democratic Republic.

But Mr Kohl will not want to rock the G7 boat. During talks with Mr Gorbachev last weekend in Kiev, the *German leader* steered Mr Gorbachev in the direction of seeking [redacted] special relationship with the International Monetary Fund as the best way out of his difficulties.

This idea, also promoted by the US administration as "associate membership", could well emerge as one of the big achievements of the London summit. G7 support for such a move should ensure its eventual acceptance by the *IMF membership.*

According to Mr David Mulford, US Treasury under-secretary for international monetary affairs, the Soviet Union would have access to "thousands of man hours" of expertise, advice and experience on how to reform its economy. There has been a growing consensus among the G7 that such a transfer of knowledge is a better way of reversing the effects of 70 years of a command economy than any injection of funds.

But here too, there are [redacted] among the [redacted] as to what a special relationship between the Soviet Union and IMF should entail. The European members of the group favour it as a step to full Soviet membership of the Fund while the US is very wary of such a move.

The Soviet Union will concern the summiteers increasingly from Tuesday lunchtime onwards. But as host nation, Britain is anxious that Mr Gorbachev's visit should not overshadow the other complex issues. These include:

- Eastern and central Europe. The leaders of the new democracies have followed Mr Gorbachev's progress to London with concern, fearing that the G7 will neglect their interests. Partly to allay these fears, Mr Norman Lamont, the UK chancellor, last week urged the EC to strive for closer trading and political ties with eastern and central Europe.
- The Uruguay Round of trade liberalisation talks. Despite last year's Houston summit failure, the G7 countries are again expected to try to bridge their differences and give a "political push" to the Gatt talks.
- Arms control in the light of the Gulf war. Mr Major is seeking a United Nations register of conventional arms sales by the five permanent members of the UN Security council as a first step to keep better control over the spread of weapons.
- The environment. This year's meeting will be the last opportunity for the G7 to take a joint stand on issues such as global warming, the preservation of tropical rain forests and bio-diversity ahead of next year's UN sponsored "earth summit" in Brazil.
- Third world debt. The summit will review plans first put forward by Mr Major, when chancellor, for easing the debt burden of the poorest developing nations, although agreement on this issue will depend on a change of heart by the US.
- Drugs. The G7 will want to take further action against drug trafficking and may try to involve eastern Europe and the Soviet Union more closely in its efforts.

The above list shows how far the annual summits have developed since 1975, when at the instigation of the then French president Valery Giscard d'Estaing, the leaders of six industrial countries me[redacted] in Rambouillet near Paris for a "fireside chat" about the world economy in the wake of the first oil [redacted]

Inevitably, the [redacted] on global and national economic trends will rank fairly low down this year's summit agenda. But they will still be important because ultimately the hopes of the summit leaders for a better world based on multi-party democracy, good government, increased respect for human rights and the rule of law depend on prospering and competitive economies.

OBSERVER

Sailor's farewell

■ What has earned Italy's Raul Gardini [redacted] new press image? *Long popularly* [redacted] *as "the* peasant", the deposed head of the Serafino Ferruzzi holding company is suddenly being depicted as a swashbuckling seafarer called "Sir Raul".

The answer has less to do with his America's Cup ambitions than the buccaneering stance he is now taking in his wrangles with his erstwhile partners in the Ferruzzi family over his parting pay-off.

[redacted] first dwelling in embarrassed silence on being removed from the company that [redacted] the country's second biggest private-sector group Ferruzzi-Montedison, Gardini is making plain that the £27.5m golden handshake aired by the family won't wash. "You only dismiss [redacted] thief this way," he has said.

Likewise his feelings about the £120m or-so the family has reputedly offered for his wife Idina's 23 per cent stake in Serafino Ferruzzi.

Gardini is deliberately racking up the tension, observers say, just as he did with the state-owned ENI group last year in the talks over the Enimont chemicals joint venture, in order to squeeze out the best possible deal.

Meanwhile the peace-loving Ferruzzis, while publicly grateful for the expansion of the family empire during Gardini's 12 years at the helm, are probably hoping they can persuade him to sail away with as little booty as possible. A round 500bn lire – or £228.5m – is the latest whisper in the wind.

UK salesman

■ Sir Martin Jacomb, the outgoing chairman of BZW, is not the most obvious choice for a public relations job. A quietly spoken, intelligent banker, he would seem the last person who'd be good at waving the flag as the next chairman of the British Council.

However, the British Council *has never been a crude propa*ganda machine like some of its competitors. With [redacted] network of 155 offices in over 90 countries, it is better appreciated overseas than it is at *home. Close to* [redacted] *third of its* £395m annual budget goes on teaching English, and while this remains its single most important contribution, Jacomb makes it clear that he regards Britain's *cultural* exports *as one of the country's* great growth industries.

These days the British Council is no longer regarded as the sole supplier. It has to operate in a more businesslike manner and compete for an increasing amount of its government funding. As was previously the case with Sir David Orr who took over after retiring from Unilever, it comes as no surprise that the latest chairman has also been plucked out of big business.

Brand names

■ Another old Unilever hand also on the move yesterday is Sir Michael Angus, who has been tapped to take over as chairman of Whitbread when he steps down as chairman [redacted] Unilever. The move is interesting on a couple of counts.

Angus is a good seven years older than Sam Whitbread, current chairman of the family brewers who is generally reckoned to have done a good job during his eight years in charge. It is not the first time the company has been headed by a *non-Whitbread*, and the present incumbent is anxious to get back to his farming and heavy duties as lord lieutenant of Bedfordshire.

Although the Whitbread family retains a controlling interest, it will be interesting to see whether the combination of change of chairman and future funding pressures eventually leads to the enfranchisement of the A shares.

In the meantime Angus's acceptance of the Whitbread job puts paid to the speculation that he was the obvious successor to British Airways Lord King. Pity, because he would have been an excellent choice.

"I deposited all my poll tax non-payment money with BCCI."

Power play

■ Even by the BBC's free-wheeling standards £175m sounded an awful lot of money to spend on a new headquarters just for news and current affairs. [redacted] perhaps the decision to postpone the grandiose [redacted]roject, which almost certainly means it will never take off again, makes sense in these tough times.

Nevertheless it must be a bitter disappointment for John Birt, the BBC's new supremo. Not only was Birt the main backer of the plan, but he is a supporter of the controversial bi-media approach – the theory that radio and television journalists are to some extent interchangeable. All that is now in ruins, and instead of new buildings and structural changes more money is going [redacted] spent on old fashioned things like drama.

Some are calling it "Checkland's revenge". *Last week* Michael Checkland, the current director-general, lost a bitter power struggle and now has to run the organisation knowing that he will be *replaced by his deputy* in [redacted] than two years time. It is almost certain that Checkland took his decision on the new headquarters [redacted] before he found out his fate.

Even so, it does raise the question yet again of what is the point of having two men in charge of the Beeb for the next 20 months.

Rent-a-puff

■ Food for thought. Which unglamorous new entrant to the FT-SE 100 is rated on a par with Wellcome, and outshines such glamour stocks as Reuters, Guinness, Sainsbury and Glaxo?

The average wage of its staff is a shade under £10,000 a year(compared with £57,700 at S.G. Warburg) and its highest paid director gets under £300,000 a year, compared with over £700,000 at Britain's flagship merchant bank. Its chief executive is under 50 and owns £1.5m of his company's stock. In its 22 years on the stock market it has never issued paper for acquisitions or had a rights issue.

Answer: Her Majesty's rat catcher, the East Grinstead-based Rentokil.

Derailed

■ British Rail has given a new meaning to the phrase "busman's holiday" by telling its staff club in Selby, Yorkshire, that its traditional summer railway outing is off. Because no trains are available for hire, the [redacted] is [redacted]ng to take 300 members and children to Bridlington by bus.

Kurds stranded in a zone of uncertainty

John Murray Brown assesses the likely effects of the final pull-out of allied troops from Iraq

Allied forces start the final withdrawal from Iraq today, and expect to complete it by Monday, ending one of the most remarkable relief operations since the Berlin airlift of 1948-49.

The humanitarian achievements of the allied action are clear-cut. More than 20,000 troops were deployed from 13 countries in an operation to return some 450,000 Iraqi refugees, mostly Kurds, to their homes. "This was a fantastic use of the military which I guess we've never thought of before. But I think only *they* could have done it," says Mr Paul Wolfowitz, US assistant secretary for defence.

However, the political strife which led to the massive flight of Iraqi refugees into the Turkish mountains in late March remains largely unresolved. The allies are not waiting for an agreement between the Kurdish leaders and the government of Iraq's President Saddam Hussein on regional autonomy, which has yet to be reached. They are relying on a combination of Kurdish guerrilla forces (Pesh Merga) inside Iraq and a multinational rapid reaction force behind the Turkish border ("Operation Poised Hammer") to provide sufficient security to avert a new exodus of Kurdish civilians. However, the question of international guarantees for any autonomy accord has yet to be settled.

The allies' objectives are complex. They want to pull out of Iraq for domestic political reasons, but they also want to give a strong warning to Mr Saddam that any further oppression against the Kurds will be met by force.

In some ways the withdrawal could make it more difficult for the Kurds to press their case. Rebel leaders resumed talks in Baghdad yesterday and were pushing for more concessions on the Iraqi side. Even with an agreement, western aid officials say the Kurds will need massive outside assistance which they cannot realistically expect from Baghdad, given the parlous state of the Iraqi economy.

Thousands of Kurds are still stranded on the Iranian border, in an area beyond the reach of the allied security zone, which stretches about 50km south of the Turkish border to Dahuk, in north-west Iraq. Relief officials, most of whom now work with Baghdad's approval, report an influx over the past few weeks of up to 350,000 people into the Suleymania province, on the Iranian border, to areas under Pesh Merga control. Many are camped beside the ruins of their former villages, which were destroyed by Mr Saddam as part of his attempt to undermine rural support for the guerrillas.

No [redacted] should [redacted] mate the military's achievement in an exercise which has brought undoubted humanitarian benefits to the Kurds, and a diplomatic bridgehead from which to negotiate. But their political future remains uncertain.

General Robin Ross, [redacted] of British forces, says Operation Provide Comfort, as it was dubbed, establishes a blueprint for relief work.

"The traditional response to disasters has always been to call in the charities," says Dr David Nabarro, of the Overseas Development Administration, the UK's official aid arm. "The military has shown that logistics is more important than heroic nurses in the field."

Ten weeks ago, the picture was one of almost unrelieved gloom. In the wake of the brutal crushing of the Kurdish rebellion, thousands fled to both the Turkish and Iranian borders. At one time more than 600 people were dying a day in makeshift camps on the Turkish border, according to the US commander General Jay Garner. The allies were airdroping relief supplies, using C-130 transport [redacted] and latterly Chinook helicopters [redacted] remote sites. It was Turkey's refusal to [redacted] permanent sanctuary, [redacted] forced [redacted] to coax the refugees back to a safe haven inside north Iraq.

Today, life inside the security zone is slowly returning to normal. Families are tending their orchards. Trucks line up outside the grain silos to deliver wheat planted by the government last August in the wake of the imposition of UN sanctions.

The tented camps outside Zakho, the town at the centre of the zone, now house little over 10,000 people, according to the UN High Commission for Refugees, which has taken over responsibility from the allies. "They are people who don't have anywhere to go," says Mr John Foster, of International Rescue Committee, a New York [redacted] agency.

Some refugees live south of the allied zone in areas under government control. [redacted] who rented their homes. [redacted] say they [redacted] originally farmers forced [redacted] land when their villages were [redacted] defoliated by [redacted]. Without employment, [redacted] tempted [redacted] the Kurdish militia [redacted] by Baghdad [redacted] police the region (known [redacted] other Kurds by the derogatory [redacted] Jash – "donkeys"). Yet even these people say they will go [redacted] if there [redacted] Kurdish agreement with [redacted].

Safety check: General Jay Garner with Kurdish leaders during an inspection tour of Zakho before the withdrawal of US forces

"It would be nice to think it was going to end happily [redacted] after, but the world is [redacted] always like that," says Briga[redacted] Andrew Keeling [redacted] Royal Marines, who led the UK contingent inside the haven.

Some confusion has already been [redacted] over [redacted] withdrawal [redacted]. This followed remarks by [redacted] Colin Powell, chairman of the US joint chiefs [redacted] that American troops would be withdrawn "sooner than [redacted] thought". According to [redacted] ern [redacted] US [redacted] British and [redacted] not [redacted] pull [redacted] on July [redacted] it [redacted] feared that [redacted] security situation [redacted] ble.

Diplomats [redacted] delay has given [redacted] Kurds a welcome breathing [redacted] negoti[redacted]. To [redacted] might [redacted] hard to see how the Kurds can put their trust in any agreement. Mr Massoud Barzani, [redacted] eight-party Kurdistan Front, [redacted] has been leading [redacted] talks, has personally lost three brothers, and six uncles.

Yet the Kurdish leaders feel they have an historic opportunity. International pressure on the regime continues. In rebel-held towns such as Shaqlawa, the sight of Arab merchants scouring the shops for smuggled goods from Iran is evidence that UN [redacted] biting.

Kurdish hopes [redacted] autonomy, however, depend [redacted] the regime [redacted] Baghdad. Without Mr Saddam, the Kurds feel it might be [redacted] difficult [redacted] pressure. "Imagine we change Saddam Hussein. Who will come? [redacted] will he deal with the Kurds?" asks Mr Jalal Talabani, the other main rebel leader. Western governments would have little reason to support the Kurds if a pro-western regime emerged. Equally, Mr Talabani argues, [redacted] pro-Iranian government, which could result if Iraq's Shia Moslem majority were to win a future election, would look even less kindly on Kurdish aspirations.

A crucial player in any regional settlement is Turkey, which remains sensitive [redacted] the presence of foreign troops on [redacted] soil. In negotiations with the coalition this week, the Turks are seeking to gain command of the rapid reaction force to allay the fears of local opponents. Allied officials talk of the force being deployed for weeks rather than months. However, the timing is likely to be partly determined by Mr Mesut Yilmaz, the new Turkish prime minister, who may decided to call an early general election before the end of 1992.

The main thrust of the deterrent will be the aircraft based at Incirlik in south-east Turkey. Allied commanders say the warning to Baghdad not to fly fixed-wing aircraft or helicopters north of the 36th parallel remains in force. The Iraqi military is also forbidden to enter the security zone.

US officials have been in talks with the Turkish General Staff this week. One important issue to be decided is how to gather reliable intelligence that can be used to activate the force once the allies withdraw.

With the allied deterrent in place, Gen Garner believes the Iraqi secret police will not be able to operate. Some aid workers are less confident. "If there is a question of who runs the streets, the Pesh Merga or the Iraqis, we would probably pull out," says a US agency chief.

The signs, however, are that the Kurds and the Iraqi police are working towards an accommodation. In Erbil and Suleymania, aid workers confirm that they jointly police the towns. The hospital in Suleymania, nominally under government control, [redacted] treating casualties from [redacted] Merga-held areas, [redacted] of them victims [redacted] mine explosions.

"[redacted] tragedies have to be stopped somewhere," says Mr Barzani. "I feel [redacted] strongly [redacted] have to give our people some hope of [redacted] and peace." But until Kurdish [redacted] for a degree of self-determination are [redacted], that [redacted] is [redacted] way off.

Joe Rogaly

Bits and pieces script

Complacency is knocking the stuffing out of Britain. "Tried and tested," say conservative opponents of change, [redacted] "theoretical and abstract". The close-your-mind principle, death to hopes of a renaissance of Europe's troublesome offshore island in the 21st century, is being applied by the Tories to constitutional reform. The perpetrator of this crime against radicalism is the otherwise harmless Mr John Patten, minister of state at the Home Office. He will surely be rewarded by promotion to the cabinet.

I say that because it is rumoured that the prime minister must soon advertise his new-found sense of authority and self-confidence by showing that he can move his ministers around. This assumption may be wrong. Mr Major is still telling everyone that he is not "in reshuffle mode". He is anyway thought unlikely to do much before September, when he will be able to make a final decision on postponing the election until next year.

Mr Patten is a diligent minister who has served a decade in a succession of junior posts. Over the past couple of years he has slogged away at putting Home Office legislation through parliament. Many of his contemporaries, not all of them possessed of an intellect or competence superior to his own, have perhaps unfairly been appointed to higher positions.

There would be no more to be said about him, pending an improvement in his career, were it not for a pamphlet he has written for the Conservative Political Centre. It was read to the CPC summer school last weekend, but he is still polishing his script. The gist of it is that "rolling constitutional change", (which turns out to mean bits and pieces of legislation already passed or mooted), is all that is required. We could leave it there, were it not for the fact that Mr Pat[redacted] has shown his work to his unrelated namesake Mr Christopher Patten, chairman of the Conservative party, *and* Mr Kenneth Baker, his boss at the Home Office, *and* Mrs Sarah Hogg, director of the prime minister's policy unit. None of these appears to have uttered any note of dissent.

The John Patten internal circular must therefore be taken as the most complete exposition of the Tories' attitude to constitutional reform yet available. So far as I can tell, it is indeed the only one. It is therefore of some importance at a time when a general election is less than a year away. The Liberal Democrats dream of a constitutional revolution. The Labour party's preliminary report on how to ward [redacted] electoral reform for [redacted] Commons is being published today. Its contents are reported elsewhere in this morning's FT. The party also proposes a Scottish assembly, at once; English regional councils, one day; an elected senate to replace the House of Lords, in the far future; a castrated bill of rights, and a freedom of information bill whose small print has yet to be seen. The Conservatives as a party reject all of this, although it has to be said that they do harbour closet electoral reformers – Mr Douglas Hurd springs to mind – within their [redacted].

Mr Patten is on solid ground when he says the political culture best guarantees liberty

According [redacted] Mr Patten, Labour's programme [redacted] "a cynical attempt [redacted] achieve power at all costs through the Scottish route". Quite. But he also avers that the system we have is best extended by local management of schools, new trade union laws, a police complaints authority, independent taxation of husbands and wives and a host of other, similar, changes not usually regarded as elements of constitutional reform. Otherwise rule by parliament (ie, [redacted] prime minister) as defined in [redacted] and common law should be [redacted] alone. I disagree. What we have may "work", in its way, but it is the system that gave us Messrs Wilson, [redacted] and Callaghan and, to put their errors right, one exceptional person of quality, Mrs Margaret Thatcher. Now that same system offers the British people a choice between Mr Neil Kinnock and Mr John Major for prime minister. My case rests.

Mr Patten is right when he says there is no popular uprising, no widespread demand for reform. There is, however, a lively debate among politicians, academics and others. He does contribute to this discussion by arguing that it is the political culture, not the constitutional structure, that best guarantees liberty. Here he is on solid ground. As he says, to assume that written constitutions and codified bills of rights automatically protect the civil rights of citizens is a demonstrable fallacy. Just look at Brazil, or the Soviet Union. "The greatest protector of citizen's rights in the UK," he argues, "are citizens themselves".

I have news for Mr Patten. In the UK there are no citizens, merely subjects of the crown. Never mind. His argument has resonance when put by a constituency MP who receives voter's protests, or a working minister who is visited by all sorts of pressure groups, some of which persuade him to change bits and pieces of his legislative proposals. Our author is both.

This about sums up the state of thinking in the Conservative party. It has become so accustomed to running the government that it cannot step outside the process and see the elective dictatorship, or the dangers it poses under an unrestrained Labour party.

It is blind to the absurdity of an appointed House of Lords composed of old buffers, party placemen, and a few knowledgeable lawyers. It is blissfully unaware of [redacted] implications [redacted] European Community constitutional [redacted]hange [redacted] our B[redacted] arrangements, and implacably opposed [redacted] Scottish aspira[redacted] – based, Mr Patten, on [redacted] different culture from England's.

[redacted] counter-arguments [redacted] emerge when Mr [redacted] pamphlet is published. If so, some [redacted] debate may start within the Conservative party. Meanwhile, all the running is being made by the [redacted].

LETTERS

Pricing and the telecoms market

[redacted] Mr Iain [redacted]

Sir, Sir Bryan Carsberg, director-general [redacted] the Office [redacted] Telecommunications, [redacted] two significant statements in the paper he gave July 10 to the Financial Times conference on telecommunications:

1. "The actual rate of return earned by British Telecom on investment, for the part of the business covered by its present price control, is well within the range I regarded as acceptable when I established the price control."

2. "Residential customers are paying less than economic prices for their services, while business customers are paying more. If this is changed too rapidly, public opinion will reject the process and clamour for [redacted] return to state ownership. However, maintaining [redacted] it harder [redacted] bring competition rapidly [redacted] of [redacted] market."

BT [redacted] grateful for [redacted] Bryan's unequivocal confirmation [redacted] BT's rate of return on its regulated services is acceptable and that [redacted] customers [redacted] paying [redacted] economic prices. We are also glad to see his acknowledgment that our current imbalance of prices is, in effect, anti-competitive.

The sections of the market which are currently underpriced are, in the main, local residential services and particularly the provision and main[redacted] residential exchange [redacted] result [redacted] the emergence [redacted] a choice of suppliers to the ordinary, domestic consumer is being inhibited by the pricing regime Sir Bryan insists upon.

His prime argument for this regime is that, if our pricing imbalance were redressed too quickly, public opinion would reject it. This argument does not stand up to scrutiny. BT accepted that ordinary consumers should be protected by a constraint that the median residential bill should not increase by more than the Retail Price Index in any year. And we will offer a further protection for those who need to be on the 'phone but make little use of it – a half-price rental, with 30 free call units per quarter (nearly two hours of cheap-rate local calls). Would this provoke a clamour for a return to state ownership? I hardly think so.

If we were freed this year from Sir Bryan's RPI plus two price cap on exchange-line rentals, all we would wish to do on marketing grounds would be to add a further 1.7p a day beyond the cap. This would mean that, instead of being pushed into increasing local and off-peak call charges to maintain [redacted] adequate return on capital, [redacted] could freeze all UK call charges, while reducing international charges by 10 per cent as Sir Bryan requires. Over the years, of course, rental increases of that order would result in significant reductions in all call charges. Do I hear more clamour for a return to state ownership?

The bottom-line on all this is that successive secretaries of state for trade and industry, and Sir Bryan himself, have consistently fudged the issue of re-balancing our charges for rentals and calls. For example, earlier this year, Sir Bryan and Peter Lilley came up with the idea that BT and all other operators should pay for the imbalance through an "access deficit contribution". Earlier this month they effectively abandoned the idea, or at least postponed it *sine die*. The time for fudging has come to an end.

A little less politics and a little more attention to that fundamental issue of price regulation – rebalancing – would go a long way towards opening the local residential services market to genuine competition and presage the successful flotation of some, or all, of the government's remaining shareholding in BT later in the year.

Iain Vallance,
BT chairman,
BT Centre,
81 Newgate Street, EC1A 7AJ

How the Soviet Union should help itself

[redacted] Mr Courtney D [redacted]

Sir, [redacted] are [redacted] problems with the arguments of Hilmar Kop[redacted] (Personal View, July 10) proposing that the [redacted] should [redacted] economy.

The primary problem is [redacted] Mr Kopper is proposing [redacted] large multinational organisations and governments be called in [redacted] provide [redacted] and money [redacted] bolster [redacted] infrastructure. This would certainly aid the Soviet economy but would ignore the roots of the Soviet economic crisis.

First, there is no legal system [redacted] protect private property, contracts, and copyrights. This means that [redacted] businessmen will have [redacted] dence in investing in the Soviet Union if they cannot be assured that they will control their investment and will have it p[redacted].

[redacted] the [redacted] government must [redacted] the [redacted] pool within the country. Mr Kopper [redacted] in pointing this out. However, [redacted] neglects [redacted] point [redacted] that [redacted] citizens recently had the bulk [redacted] savings pool [redacted] when [redacted] government eliminated 50 and 100-rouble [redacted]

Third, Mr Mikhail Gorba[redacted] must show that [redacted] more concerned with the people [redacted] the Soviet Union rather than his [redacted] over them. He [redacted] a huge source [redacted] savings of his own people, then [redacted] to the west asking [redacted]. The [redacted] his own citizens would [redacted] controlled by him whereas the money from the west would be for him to dispose of to whomever he so desires, thus enhancing his own power.

Fourth, the Soviet government must slash military spending to release those funds to provide the infrastructure and investment capital needed rather than continuing the proguns policy of the last 40 years.

Courtney D Smith,
president,
Pinnacle Capital Management,
67 East 11th Street
New York, NY 10003

Nationalist unrest does not negate the federalist model

From Mr Ira L Straus.

Sir, The difference between good "bottom-up" negotiated federations and bad "top-down" imposed ones (Samuel Brittan, July 8) often goes even further. Some top-down federations are not federations at all, but only formal juridical structures, divorced from the real, extra-legal workings of power. Such was the situation in the Soviet Union and in Yugoslavia, where the Communist party controlled all levels of government, rendering their constitutional autonomy a fraud. This led Carl Friedrich to describe them as "façade federations".

There is no logical basis for treating nationalist resistance in façade federations as evidence that multinational federation doesn't work, though the argument is popular among opponents of a United States of Europe. However, it is a misreading both of the word "federation" and of the nationalists in the Soviet Union and Yugoslavia, who would love to join a united west and a United States of Europe.

The eagerness of these peoples to join a Common Home with the west is one of their motivations for tearing down their existing homes, which they blame for isolating them from the world.

They may be over-hasty, but it would be a misunderstanding of historic proportions if this led the west to over-estimate nationalism and abandon the federalist project in which they have invested their hope.

Ira L Straus,
executive director,
Association to Unite
the Democracies,
1506 Pennsylvania Avenue SE,
Washington DC

Sledge hammer or slap for the securities houses

From Mr Leo Herzel.

Sir, The Japanese securities industry and the mysterious Japanese system of governmental regulation are providing the west with plenty of entertainment and a sense of comparative moral well-being. In particular, contrast the Japanese ceremonial resignations, apologies and governmental slaps on brokerage houses wrists with the US's firm sledge hammer to the head of Drexel Burnham (and the junk bond market) two years ago. Considering the consequences, which is the better way? The answer in far from obvious.

Leo Herzel,
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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday July 12 1991

Gates' nomination may be put back after new material about Iran-Contra cover-up

Bush's choice for CIA faces fresh delay

By Lionel Barber in Washington

THE nomination of Mr Robert Gates, President George Bush's choice as director of the Central Intelligence Agency, appears to be in trouble.

The Senate Intelligence Committee [illegible] considering [illegible] further delay in the nomination confirmation hearings because of fresh material pointing to an official cover-up of the Iran-Contra scandal.

The committee may delay the hearings, tentatively set for Monday, until September, [illegible] the summer recess.

This would give the committee time [illegible] digest the implications of admissions from [illegible] former Central Intelligence Ag[illegible] [illegible] officer involved in arming the Nicaraguan Contra rebels.

Mr [illegible] Fiers, former head of [illegible] CIA's Central American task force, admitted in federal court that he had been ordered by his superiors to conceal details of secret White House operations [illegible] arm the rebels.

This plea – and Mr Fiers's agreement [illegible] co-operate with prosecutors – could implicate several senior officials of the Reagan and Bush administrations.

Of [illegible] [illegible] concern, Mr Fiers's [illegible] [illegible] questions about the extent to which Mr [illegible] may [illegible] known about, or [illegible] involved in, [illegible] Contra resupply network in 1986-87 when he was deputy CIA director.

Such questions [illegible] Mr Gates to withdraw after he had been nominated for the CIA directorship to succeed Mr William Casey in 1987.

Robert Gates: Questions

Until both Republican and Democratic senators are confident that the worst Iran-Contra disclosures [illegible] behind them, they will remain reluctant to hold confirmation hearings.

Mr Bush [illegible] his nominee [illegible] ringing endorsement [illegible] week, calling him "an outstanding individual who will be confirmed, and who will be [illegible] great director of central intelligence".

In private, though, White House officials are concerned – not just about the latest twist in the 4½-year Iran-Contra inquiry – but [illegible] about other allegations through which Mr Gates might be implicated in illegal [illegible] [illegible] [illegible] US arms and technology to Iraq via third [illegible] such as Chile and South Africa.

The allegations – some of which stem from an Israeli for[illegible] military intelligence offi[illegible] [illegible] employed on [illegible] [illegible] contract – have been made to congressional investigators and federal law enforcement [illegible]. Congressional officials have considered them serious enough to warrant further investigation under subpoena.

Thre[illegible] weeks [illegible], the CIA issued [illegible] unsolicited [illegible]ment on behalf of Mr Gates, then still on duty in his post of deputy national security [illegible] [illegible] the president: "Alle[illegible] [illegible] Mr [illegible] Gates facilitated illegal shipments to Iraq during the [illegible] [illegible] totally without basis."

President of central Yugoslav republic fears carve-up by Serbia and Croatia

EC asked to help preserve Bosnia

By Judy Dempsey in Sarajevo, Bosnia

THE PRESIDENT of Yugoslavia's central republic [illegible] Bosnia-Hercegovina, Mr Alij[illegible] Izetbegovic, is appealing to the European Community to help prevent Serbia and Croatia from carving up the republic.

The decision to send [illegible] letter [illegible] [illegible] EC was made amid mounting fears in Bosnia-Hercegovina that Mr Franjo Tudjman, the presiden[illegible] of Croatia, and Mr Slobodan Milosevic, the president of Serbia, would try to end the ethnic violence in [illegible] by redrawing Yugoslavia's internal borders.

Under plans being discussed informally between Serbia and Croatia, Serb-inhabited regions in Croatia would be attached to Serbia, while the Croat regions in Bosnia-Hercegovina would be integrated with [illegible].

"I [illegible] heard about those negotiations between Tudjman and Milosevic," said Mr Izetbegovic yesterday.

"If they persist with this plan, we will resist. There is very strong resistance here to any break-up of Bosnia-Hercegovina. We will [illegible] call for international assistance."

Mr Izetbegovic said he was preparing a letter to Mr Hans van den Broek, the Dutch foreign minister, who has been co-ordinating discussions between the EC and Yugoslavia's political leaders.

"We shall [illegible] the letter today [Thursday] [illegible] him. We will present to him [illegible] situation in Bosnia-Hercegovina. We will ask a mission of goodwill to come here. And if things escalate, we will ask for a team of observers to be sent," he explained.

Any attempt to break up the republic forcibly could undermine five decades of peaceful [illegible] [illegible] the republic's three largest ethnic groups.

These include the [illegible] who make up 43 per cent of the 4.2m population, the Serbs (33 per cent) and the Croats (19 per cent). Political parties drawn from these nationalities form the republic's coalition government.

Mr Izetbegovic is [illegible] [illegible] the (Moslem) Party for Democratic Action, the republic's largest political party.

The [illegible] [illegible] [illegible] granted the status of a separate nationality [illegible] the late President Tito, might decide to fight to preserve the territorial integrity of Bosnia-Hercegovina, [illegible] than [illegible] between living in a greater Croatia and a greater Serbia. Moslem leaders were yesterday not prepared to consider a solution which would leave them with a rump of the republic, however autonomous.

Mr Stjepan Kljuic, leader of the Croatian Democratic Union (HDZ), Bosnia-Hercegovina's third-largest party, also expressed nervousness yesterday [illegible] any possible break-up of the republic. "Only the members of the European Community can save Bosnia-Hercegovina from civil [illegible]. We have to internationalise the problem," he said.

The decision to appeal for international [illegible] [illegible] precipitated [illegible] [illegible] government in Sarajevo intercepted [illegible] Wednesday night [illegible] [illegible] telex sent by the Serbian Democratic party (SDS), [illegible] Hercegovina's second largest party, to all local councils throughout the republic.

The SDS ordered the councils [illegible] [illegible]ey the call-up issued last week by the federal army, despite opposition to any mobilisation by the Bosnian government. Over [illegible] Bosnians have already refused to [illegible] the call-up.

"There is a strong connection between [illegible] SDS and Mr Milosevic," said Mr Klj[illegible]

A government minister added: "By trying to send [illegible]forcements to the north-west of the republic, along the border with Croatia where the Serb [illegible] is [illegible], the SDS, the federal army, and Milosevic are preparing to protect the Serbs in any major conflict, and [illegible] also carving out the borders of a Greater Serbia."

But Mr Velibor Ostojic, minister [illegible] information and a member of the SDS's leadership, yesterday denied that his party was receiving [illegible] instructions from Mr Milos[illegible].

Serbian nationalists and Croatian militiamen clashed in an eight-hour gunbattle that killed at least two people yesterday, doctors in a local hospital said, Reuter in Osijek, eastern Croatia, and Laura Silber in Belgrade report.

They said three people were wounded in one of the [illegible] ethnic clashes in Yugoslavia for [illegible] when more than 100 Croatian militiamen surrounded [illegible] house in Osijek, a town [illegible] 90 miles northwest of Belgrade.

Militiamen pumped hundreds of rounds of bullets into the house and the Serbs fired back from inside. The building was shattered by machine-gun fire. Page [illegible]

Cameroon and other third world states face BCCI crisis

By Michael Holman and Jimmy Burns in London

[illegible] NUMBER of third world governments could face a financial crisis following the shutdown of the Bank of Credit and Commerce International.

The Bank of England confirmed yesterday that there [illegible] an unspecified amount [illegible] central bank funds in BCCI. One of the most seriously affected countries is understood to be Cameroon which is believed to hold a proportion of its foreign exchange [illegible] with BCCI.

[illegible] branches in Cameroon as well as in Congo, Ivory [illegible], Senegal and Sierra Leone were closed earlier this week after [illegible] allegations of large-scale fraud.

Most of the 24 [illegible] of West and [illegible] Africa are members of the CFA franc zone linked to France and the closures were coordinated by the zone's two [illegible] banks in Dakar and Yaounde.

Cameroon's foreign exchange reserves are put at around $80m, but only a proportion of this could have been deposited with BCCI. Its external debt is about $5bn.

Under the terms of the CFA arrangement, the government has limited control over where they are held. Monetary reserves [illegible] the CFA countries are normally held in French francs in the French Treasury.

However, the zone's two central banks are authorised [illegible] hold up to 35 per cent of their foreign exchange holdings in currencies other than the franc.

BCCI's biggest affiliate in sub-Saharan Africa, the 48-b[illegible]h network in Nigeria which is 60 per [illegible] locally owned, continues to operate with backing from the central bank in Lagos.

● The people of Scotland's remote Western Isles were yesterday contemplating the financial catastrophe caused by the [illegible] [illegible] £23m ($37m) deposited by their local council with BCCI.

Only 32,000 people live on the main Hebridean islands of Lewis, Harris, north and south Uist, Benbecula and Barra. Many islanders are crofters, earning a living from fishing and [illegible] farming. On Lewis about 500 people work in fac[illegible] and at home making Harris tweed.

Worldwide roundup, Page 6

THE LEX COLUMN

Germany lowers its sights

The [illegible] that the Bonn government [illegible]ed the results of yesterday's Bundesbank council meeting even before it was over suggests political factors were at work in its decision to lower the M3 money supply target while leaving interest rates unchanged. A rise in official rates would have been particularly embarrassing just before the G7 summit, but that is not necessarily the end of the story.

With M3 already running below its original target, there should be no immediate effect on monetary policy. In any case, the unification effect still means that any target is likely to appear a little arbitrary. But the lower M3 range leaves less room to accommodate higher inflation from now on, especially if the economy does not slow as much as expected.

The danger for the Bundesbank in raising rates too early is that it might have spiked its guns. It almost certainly wants flexibility for the autumn, when it will be trying to set the right climate for the next wage round. That probably matters more than expectations that tax increases will push July's inflation figure over 4 per cent.

An increase in official rates remains possible in August or September. But if it comes, it is now more likely to be driven by the money market rather than artificially induced. Meanwhile, Mr Karl-Otto Pöhl has given the Bank of England a farewell present in the form of the chance to cut UK rates today, assuming it [illegible] overcome [illegible] distaste for timing [illegible] to [illegible] with lower inflation figures.

ADT

It was another bad day [illegible] for companies [illegible] [illegible] borderline. Shares in ADT fell by 21 per cent, thus having managed to lose three quarters of their value in a year. Shares in Beazer fell 16 per cent, thus having lost two thirds of their [illegible] in six weeks.

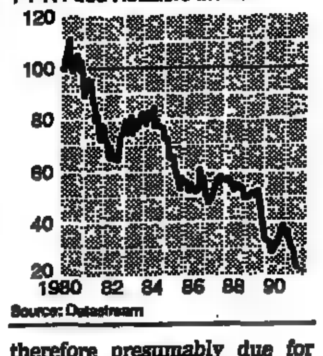
In both cases, the cause of the latest fall was somewhat mysterious. But [illegible] [illegible] seems that with both, investors in the US are starting to reach conclusions arrived at by their colleagues in the UK quite some time ago.

[illegible] [illegible] [illegible] problem [illegible] ADT was a profoundly tangled [illegible] of quarterly profits from its shareholder Laidlaw [illegible] day before, apparently ascribing operating [illegible] [illegible] ADT in the current year. According [illegible] ADT, this is simply wrong. [illegible] [illegible] are therefore presumably due for some recovery. Until the next time, that is.

FT-SE Index: 2,510.5 (+2.1)

Asda

Share price relative to the FT-A Food Retailers Index



Source: Datastream

Asda

It is a dismal illustration of Asda's plight that even the absence of a rights issue with yesterday's annual figures was worth only 1p on the share price. There is no escaping the impression that with net debt still at £872m, the company is boxed in.

Denied both a cash call and any realistic prospect of sale and leaseback, it has to fall back on the traditional third source of funds for the food retailer, a squeeze on stocks and creditors. With capital expenditure projected [illegible] little over £200m – a fraction of the sums being spent by the competition – it hopes that the business will be modestly cash-positive this year. But that is on the basis of almost zero expansion for the next two years, [illegible]hile the opposition is expanding at up to 10 per cent a [illegible] for the rest of the decade.

Asda would argue that this is beside the point: that including [illegible] [illegible] purchase which landed it with all that debt, it has expanded by 85 per cent in three years and doubled its size in four. [illegible] time goes on, its stores will be progressively more elderly than those of Sainsbury or Tesco. But [illegible] the opposition talk of the benefits of modernisation, all they really mean [illegible] moving out of town into superstores. Asda has been in superstores all along.

The snag about this comes in actual performance. Asda's operating margins fell [illegible] year, while its earnings and dividends [illegible] unchanged. Sainsbury, Tesco and Argyll all [illegible] their margins and raised their dividends by 20 per cent or more.

As for the future, Asda's claim to be able to hold its own on an unchanged base against expanding competition smacks slightly of desperation.

At yesterday's 89p, it is on little more than half the historic multiple of Tesco or Sainsbury and on nearly three times the yield. It seems the market does not give it much of a chance either.

Rank

The Rank Organisation seems determined not to give much away in its interim statement about how well it has absorbed its £470m acquisition of Mecca. The impression is that the recession has been more of a problem, although even here the picture is mixed, with the lower end of the market such as bingo and, surprisingly, caravan sales holding up.

Still, the 30 per cent fall to £96m in first half pre-tax profits would have been greater without a larger than expected contribution from Rank Xerox. The sting in the tail is the rise in the tax rate to 45 per cent from 34 per cent in last year's first half. Only part of this reflects the distortion from tax-free bond-redemption profits in the previous period.

Another factor is the possible incidence of unrecoverable ACT. The higher tax charge is again likely to depress earnings per share in what promises to be a rather lack[illegible] second half.

EDS/SD-Scicon

EDS cannot force institutions to offload their holdings in SD-Scicon at its bid price of 45p [illegible] share if they are determined not to sell, but that does not [illegible]cally mean the price is too low. It appears to have been chosen to establish [illegible] respectable premium [illegible] the initial 37p offered by an opportunistic Cray Electronics rather than on the basis of any objective valuation of the company.

The trouble is that such a valuation is difficult while it remains uncertain how SD-Scicon will finally resolve its problem with loss-making fixed-price contracts. EDS has as much chance of being right as SD-Scicon's advisers, who suggest that a fair price would be in the region of 90p. Institutions still holding out on the [illegible] of the latter assessment might ponder why no other bidders have shown their hand. In the end, the company is worth what a buyer will pay.

Japanese golf services group hits rough

Continued from Page 1

ship this [illegible] [illegible] Y32.18m, down from [illegible] [illegible] the [illegible] of April.

Each day in Japanese financial newspapers, adjacent to the prices of companies listed on the Tokyo [illegible] market, dealers such [illegible] Ginza Golf [illegible] the names [illegible] popular [illegible] memberships they [illegible] for sale and [illegible] [illegible] [illegible] [illegible] for whi[illegible] they [illegible] willing buyers.

The surge in the market [illegible] well-known companies into the business, including [illegible] [illegible] [illegible] Bridgestone, the tyre maker, and a small [illegible] in central Tokyo which had [illegible] a maker [illegible] kimonos, but which found [illegible] trading [illegible] golf club memberships far more lucrative.

Golf club memberships played an important role in the [illegible] [illegible] surrounding Nomura Securities and Nikko Securities.

Affiliates of the two companies lent a total of Y36bn to a gangster group, [illegible]wakai, [illegible] [illegible] bought memberships worth Y4bn in a golf club, [illegible] Country Club, run by the gang, and raided by police on Wednesday.

There are fears that the failure of Ginza Golf will be the first of many in the industry, as the decline in membership [illegible] [illegible] [illegible] linked [illegible] [illegible] slide in both [illegible] [illegible] and property markets, and to the unravelling of the era of speculative excess.

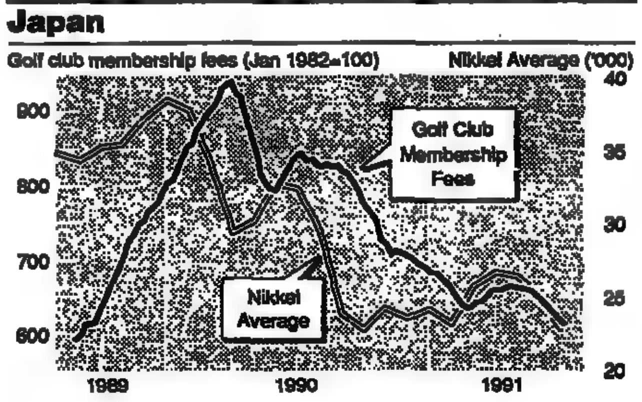
[illegible] the [illegible] time, membership prices are used by a few Japanese economists as a indicator of trends in the property market, while some Japanese brokers [illegible] that the Nikkei Golf Membership Index provides a handy guide to possible fluctuations in the stock market.

The largest failure so far this [illegible] [illegible] Nanatomi, a [illegible] specula[illegible] and property [illegible], [illegible] which [illegible] outstanding [illegible] [illegible] Y300bn, and which, among other projects, was involved in golf course development. Japan's largest [illegible] failure [illegible] [illegible] Y520bn collapse [illegible] [illegible] Steamship in 1985.

Investment [illegible] specialising in golf memberships are now telling [illegible] clients [illegible] [illegible] [illegible] they buy [illegible] [illegible] [illegible], making [illegible] [illegible] [illegible] are no or, at most, only a few gangsters on the register. [illegible] most expensive memberships, changing hands for around Y290m, are for clubs who limit the trading of their certificates to executives of leading companies.

Japan

Golf club membership fees (Jan 1982=100) Nikkei Average ('000)



Major expects G7 meeting to set up 'new Soviet dialogue'

By [illegible] Norman in London

THE meeting [illegible] President Mikhail [illegible] and [illegible] leaders of the world's biggest industrial[illegible] [illegible] next wee[illegible] in London, will mark "the beginning of [illegible] [illegible] process of co-operation and dialogue" between the Soviet Union and the Group of Seven countries, Mr John Major, the British prime minister, said yesterday.

The host [illegible] the London [illegible] [illegible] summit said he expected a "framework" would be established [illegible] [illegible] up [illegible] discussed after the summit [illegible] [illegible] [illegible] leader and his [illegible] colleagues.

He said [illegible] [illegible] summit countries – [illegible] US, Japan, Germany, France, Britain, Canada and Italy – and the European Community, which also would be represented at the talks, wanted to consider practical ways to co-operate with the Soviet Union in reforming [illegible] economy and integrating the [illegible] Union into the world economy.

The London summit will run from Monday until Wednesday, and be followed that afternoon and on Thursday by talks between the G7 and Mr Gorbachev.

Mr Major confirmed that the western powers would not consider large-scale financial [illegible]tance for the Soviet Union. But he [illegible] [illegible] summit governments [illegible] ready to assist in framing property rights, in privatisation and in providing technical assistance. He promised the [illegible] world leaders would listen carefully to Mr Gorbachev's proposals for economic reform.

"We are very concerned [illegible] ensure that, not only do the Soviets pass legislation for economic reform, but also that they implement [illegible] legislation so [illegible] reform can actually come [illegible]" he said.

UK expected to cut rates

Continued from Page 1

ness to sanction a cut the following day.

Reflecting market expectations about an imminent [illegible] cut, the three-month interbank rate, which [illegible] [illegible] rates, eased from about $11\frac{1}{16}$ per cent on Wednesday night to close at 11 per cent.

Even befo[illegible] yesterday's moves on the money market, today had be[illegible] widely canvassed as a possible date for the latest UK rate cut, because of the [illegible] likely this morning [illegible] further fall in inflation, as measured by the retail prices index.

The annual rate of rise in the index is expected to have declined to about 5.6 per cent last month, from 5.8 per cent in May. It will be the first time for months the index has not been distorted by one-off factors such as the changes in value-added tax, petrol prices and cuts in mortgage rates.

Any decision to cut [illegible] will be preceded by further discussions between Bank of England and Treasury officials on sterling's position in the European exchange rate mechanism (ERM).

Last night, the pound stood at DM2.95, exactly on its central ERM position and nearly 1 pfennig up on the day, indicating that the currency could withstand a rate cut withou[illegible] difficulties.

Sterling's ERM position was helped by the Bundesbank's decision not to increase rates, but it weakened against the dollar, closing at $1.6085, down more than 1 cent.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	27	81
Algiers		–	–
Amsterdam	S	30	86
Athens	S	34	93
Bahrain	S	35	95
Bangkok	F	34	93
Barcelona	S	28	82
Beirut		–	–
Belfast	F	16	61
Belgrade	F	32	90
Berlin	S	27	81
Biarritz	S	22	72
Bombay	R	27	81
Bordeaux	S	28	82
Boulogne	C	18	64
Brussels	S	31	88
Budapest	S	30	86
Buenos Aires	C	11	52
[illegible]	S	34	93
[illegible]	R	14	57
Caracas	C	29	84
Casablanca	F	27	81
Chicago	S	22	72
Cologne	S	32	90
Copenhagen	S	13	55
Corfu	S	33	91
Dallas	S	24	75
Dublin	F	18	64
Dubrovnik	S	32	90
Edinburgh	R	17	63
Faro	F	28	82
Florence	S	34	93
Frankfurt	S	32	90
Geneva	S	30	86
Gibraltar	S	25	77
Glasgow	R	18	64
Helsinki	C	19	66
Hong Kong	F	32	90
Innsbruck	F	30	86
Inverness	F	21	70
Islamabad	F	37	99
Istanbul	S	30	86
Jakarta	F	32	90
Jersey	C	22	72
Johannesburg	S	18	64
Lima	C	21	70
Lisbon	S	26	79
London	S	27	81
Los Angeles	C	18	64
Luxembourg	S	31	88
Madeira	C	[illegible]	77
Madrid	S	[illegible]	93
Majorca	S	[illegible]	84
Malaga	S	[illegible]	82
Malta	S	[illegible]	84
Manchester	F	[illegible]	77
Manila	R	[illegible]	88
Melbourne	F	[illegible]	82
Mexico City	C	[illegible]	75
Miami	S	[illegible]	81
Milan	S	30	86
Montreal	S	18	64
Moscow	C	21	70
Munich	S	29	84
Nairobi		–	–
Naples	F	32	90
Nassau	C	33	91
New Delhi	F	31	88
New York	S	24	75
Nice	S	28	82
Nicosia	S	30	86
Oporto	S	22	72
Oslo	S	23	73
Paris	S	34	93
Peking	S	25	77
Prague	F	28	82
Reykjavik	F	15	59
Rhodes	S	27	81
Rio de Janeiro	C	30	86
Rome	S	29	84
Salzburg	S	29	84
San Francisco	S	11	52
Seoul	C	25	77
Singapore	S	31	88
Stockholm	C	17	63
Strasbourg	S	32	90
Sydney	R	12	54
Taipei	F	34	93
Tangier	C	33	91
Tel [illegible]	S	27	81
Tenerife	[illegible]	26	79
Tokyo	[illegible]	32	90
Toronto	[illegible]	17	63
Tunis	[illegible]	30	86
Valencia	[illegible]	31	88
Venice	[illegible]	30	86
Vienna	[illegible]	29	84
Warsaw	S	25	77
Washington	S	23	73
Zurich	S	29	84

Temperatures at midday [illegible] C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-[illegible] S-Sunny Sl-Sleet Sn-Snow T-Thunder

RECRUITMENT

Time for directors to think long-term

Britain's boardrooms have come in for some stiff criticism recently about the amount of money they are awarding the executives who run the nation's biggest companies.

Much of the criticism has been emotive, but, at a time of recession and calls for wage restraint, it has struck a chord with many sections of society. For the most part, industry has been flat-footed in [illegible] response to the public outcry over top people's pay.

Most industrial leaders have been unable to adduce evidence to support the current levels of board room [illegible]. Although it has spoken about pay for performance, it [illegible] not been able to demonstrate [illegible] convincing link between the two. Evidence [illegible] surveys, academic studies and elsewhere suggests that [illegible] may have difficulty in doing so.

"Pay for performance" has [illegible] the cry of those wishing [illegible] justify large [illegible]ay packets and large pay increases and bonuses. Yet, as a recent FT analysis [illegible] top pay showed, performance has not [illegible] at anywhere near the same rate of increase as has top pay.

The t[illegible] remuneration (salary [illegible] bonus, but excluding the value of share options) of the highest paid executive in 70 of the 100 FT-SE 100 share index companies, rose 351 per cent in the 10 years from 1981 until 1990. Over the same period, the earnings per share (EPS) of those companies rose 166 per cent and the retail prices index rose by 68 per [illegible]. The FT's sample if anything understates the rise in top pay. As [illegible] covers 10 years' performance it excludes privatised companies.

A forthcoming study* by two academics at the University of Manchester Business School – to be published in the November issue of Employee Relations – [illegible] casts doubt upon the relationship between top [illegible] and corporate financial performance. Terry Sullivan and Paul Bottomley, studied [illegible] cross-section [illegible] 147 companies in the UK electrical and office [illegible] manufacturing industry.

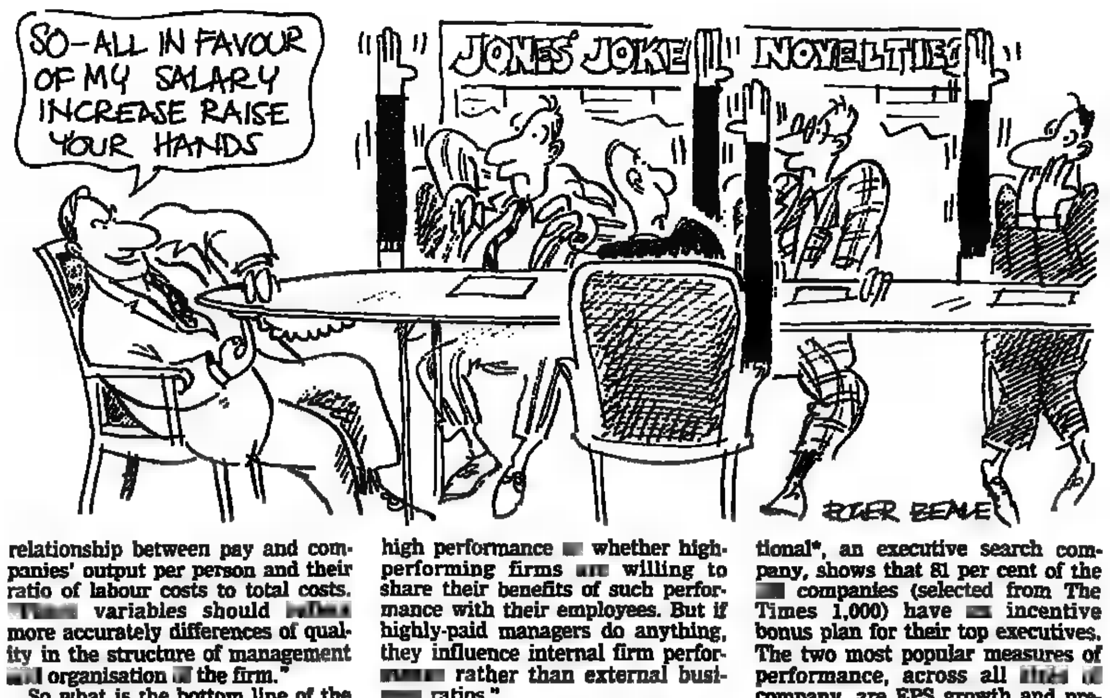
They looked at [illegible] in [illegible] [illegible] performance [illegible] on capital employed, [illegible] profit margin, the ratio [illegible] labour costs to [illegible] and output per person employed.

Sullivan and Bottomley found a very poor "fit" between pay on the [illegible] hand and [illegible] of [illegible] capital employed and net profit margin. "There is no statistically significant association between the performance of [illegible] firm [illegible] sured by [these] market-determined variables," they write.

They did find, however, a [illegible] relationship between pay and companies' output per person and their ratio of labour costs to total costs. "[illegible] variables should [illegible] more accurately differences of quality in the structure of management [illegible] organisation [illegible] the firm."

So what is the bottom line of the Manchester study? "It can [illegible] be [illegible] whether high [illegible] leads [illegible] high performance [illegible] whether high-performing firms [illegible] willing to share their benefits of such performance with their employees. But if highly-paid managers do anything, they influence internal firm perfor[illegible] rather than external business [illegible] ratios."

A recent survey of boardroom practice by Korn/Ferry International*, an executive search company, shows that 81 per cent of the [illegible] companies (selected from The Times 1,000) have [illegible] incentive bonus plan for their top executives. The two most popular measures of performance, across all [illegible] company, are EPS growth and pre-[illegible] profits. Coming a distant third [illegible] fourth [illegible] "qualitative job-related targets" and return on capital.



Yet here the short-termism [illegible] industry is underlined. In only 18 per cent of cases is performance measured over more than one year. (For companies with [illegible] turnover exceeding £500m, slightly more companies, 20 per cent, extend the time horizon to more than one year.) Where performance [illegible] measured over a longer time frame the most common is three years.

The Korn/Ferry findings have to be some of the most damning that have been produced recently. Given what Peter Morgan, director general of the Institute of Directors, had to say last week at the Institute of Economic [illegible] could form the basis for a push by the IoD [illegible] encourage reform.

In his speech Morgan laid down some [illegible] guidelines for executive compensation. The first of these was that top pay should be [illegible] by a committee of the board which [illegible] solely of independent [illegible]. With this primary rule in place he then set out five criteria by which that committee should [illegible] top [illegible]:

- Size of company.
- Nature of the industry.
- Position in the company and the job to be done.
- Track record and previous position of appointee.
- Conditions applying in the relevant job market, both domestically and internationally.

Morgan stated forcefully his view that in paying for performance companies should make stock options the crucial component.

"However unfair and problematical this may be [they are] the direct link between the interests of the shareholder and executive."

(But as some pay specialists have noted, while companies argue [illegible] their executives should tough it [illegible] because options are a long-term incentive the rather short-term attitudes of some managers do not respond [illegible] that.)

He pointed out that while bonus schemes may be effective they can promote short-termism. Morgan said [illegible] schemes needed to focus upon the executive's contribution to the company over the longer term.

"The bonus should not be an add-on to [illegible] oth[illegible] splendid sal[illegible]. Variable compensation should be a significant component element of planned compensation and [illegible]tally dependent on [illegible] objectives."

Simon Holberton

**Boards of directors study UK, Korn/Ferry International, 12 Buckingham St, London WC2N 6DF.*

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

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Mr Peter Barron: Commission of the European Communities Office in London,
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BELFAST: Commission of the European Communities Office in Northern Ireland,
Windsor House, 9/15 Bedford Street, Belfast BT2 7EG
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The University of [illegible] is seeking a successor to [illegible] Fielding [illegible] will retire from [illegible] Vice-Chancellorship on [illegible] September [illegible]

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ACCOUNTANCY COLUMN

Price Waterhouse and the BCCI jigsaw

By David Waller

MR Ian Brindle has undergone a baptism of fire since he took over the reins as senior partner of Price Waterhouse on Monday last week.

His first days in office were spent dealing with the aftermath of PW's first large redundancy programme. On the fifth day – Friday – the Bank of England co-ordinated a worldwide swoop to close down the Bank of Credit and Commerce International.

BCCI had been a PW audit client since early 1988. Since then, PW has signed off three sets of accounts. Nowhere in the opinions that the firm gave on the accounts for 1987, 1988 and 1989 did PW draw [illegible] to the alleged frauds in BCCI's treasury and lending departments which led to the Bank's drastic action last week.

The 1987 accounts were unqualified. The 1988 accounts were qualified, but only because of the drug-laundering court proceedings in Florida. Mr Leigh-Pemberton, Governor [illegible] Bank [illegible] England, said this had no bearing on the decision to close BCCI.

The audit opinion in the [illegible] accounts was not qualified but did contain a reference to the note 1, which mentions that the government of Abu Dhabi took a 77 per cent stake in the bank and undertook to "maintain the group's capital base while the reorganisation and restructuring necessary for its continuing development is undertaken".

Mr Brindle, in an interview in this Monday's Financial Times, argued it was obvious that the government of Abu Dhabi would not have taken such steps unless something serious was afoot [illegible] BCCI.

However, the rest of the note deals with mundane accounting matters and the lay reader of the accounts may be forgiven for missing the significance of those developments.

In the interview, Mr Brindle went on to describe the alleged fraud in colourful terms. It was, he said, "like a huge jigsaw where you don't have the picture, just the pieces sitting there, thousands of pieces. Over time you get an idea of what the picture looks like but it gets ever more difficult. You are dealing [illegible] deception and manipulation of information both inside and outside the company.

> **"You can't go around qualifying the accounts of a bank without creating all sorts of problems, without the whole thing collapsing"**

Wherever you turn, whatever you are looking at, all is unreal. You are living in a world of unreality."

Close observers of the accountancy scene will be amazed at Mr Brindle's [illegible] which contrasts not only with the tight-lipped approach of most [illegible] when fraud is at issue, but also with the rather more diffident style of Sir Jeffrey Bowman, his patrician predecessor.

However, the thousands of increasingly frustrated and angry small businessmen around the world who bank with BCCI are not going to be satisfied merely with colourful language. They will want to know how long PW has known about the alleged fraud and, if it has been in the know for a long time, why the firm did not blow the whistle earlier.

Earlier this week, Mr Brindle said that PW had [illegible] "prompt, regular and full" contact with regulators from before the time it took over the audit in 1988. Furthermore, he [illegible] clear that PW had become aware of serious irregularities at BCCI long before March this year when the firm was appointed by the Bank of England to investigate BCCI's affairs under Section 41 of the Banking Act. The results of that investigation were passed to the Bank in June and led to the closure of BCCI last Friday.

Mr Brindle was not specific about what suspicions were aroused when, but it is clear that the process of building the jigsaw began long before a squad of 10 senior accountants began its formal investigation for the Bank in [illegible]

Presumably PW [illegible] concerns before [illegible] unqualified 1989 accounts were signed off. Mr Brindle said that it was impossible to give an explicit warning in the audit opinion as this would lead to an [illegible] and [illegible] loss of [illegible] in the bank. The resulting run on the bank would arguably have been more chaotic than what happened last Friday.

"Have you ever heard of a bank [illegible] qualified?" he said earlier this week. "You simply can't go around qualifying the accounts of a bank without creating all sorts of problems, without the whole thing collapsing. You have to work closely with the regulators as to how to handle the [illegible].

He argued that the delay between first suspicions and the closure of the bank was attributable to the difficulty of gathering evidence to the level of proof required for the Bank to take action under the Banking Act. He said that even now, the jigsaw was far from complete – and indicated that the full picture may never become clear.

The exasperation and anger felt by those whose businesses are failing as a result of the closure is wholly understandable. But whether they could have expected more from PW will not emerge for some time.

> **Discovery that a material mis-statement does exist is not necessarily evidence of inadequate planning, performance or evaluation**

The legal responsibilities of auditors in respect of fraud are very much at odds with public expectations. Under company law auditors are *obliged simply to form an opinion* as to whether a set of accounts is true and fair. They are not obliged to find fraud. Nor are they even required to report fraud to regulators.

Clearly, a big fraud may render a set of accounts anything but true and fair. However, the auditor is under no obligation greater than to plan, perform and evaluate his work to enable him to have a reasonable expectation of detecting material mis-statements which could impinge on the truth and [illegible] of the accounts.

What is deemed reasonable will vary according to the circumstances. The auditor is not, for example, expected to establish the authenticity of documents and is entitled to put some faith in the integrity of senior management, although the audit ought to be conducted with a degree of professional scepticism.

Audit procedures may be effective in picking up an unintentional mis-statement, but the same procedures may fail where there is intention to mislead – especially when there is collusion between senior management within the company and outsiders.

"The auditor's opinion on the financial statements is based on the concept of reasonable assurance," says one authority on auditing. "His report does not constitute a guarantee that [illegible] financial statements are free of mis-statement. The subsequent discovery that a material mis-statement [illegible] exist is not necessarily evidence of inadequate planning, performance or evaluation on the part of the auditor."

Auditors have a duty of confidentiality to their clients and the only circumstances under which they are under a categorical obligation to override that duty is when they discover treason or evidence of terrorist offences connected with Northern Ireland.

The Banking Act 1987 – which governs the audit of banks – gives them a right, but not a duty, to contact regulators when fraud is discovered.

PW seems to have exercised that right from a very early stage. It did blow the whistle – but not so loudly that anyone but the regulators could hear.

ACCOUNTANCY APPOINTMENTS

The most sophisticated technology in the country will cost us millions

If that's OK with you.

Qualified Accountants

circa £28K (review pending) including benefits

If you are a rational and [illegible] negotiator, who relishes complex problem-solving at the very highest level, it's hard to imagine a challenge which offers the same degree of personal freedom and responsibility as this.

The Ministry of Defence budget is worth in excess of £8 billion a year — sometimes, by necessity, comprising orders placed in a non-competitive situation. So it's paramount that our Accountants are of exceptional calibre. Able to monitor and control these top-level contracts and to secure for us the most *competitive deal.*

While the scale and nature of projects will vary dramatically, you will often be our [illegible] representative — working closely with contractors on their premises. You will need to assess their accounting methods and to establish the basis for deciding their profit levels.

To deal face-to-face with top company representatives, you must be a fluent, forceful and effective communicator, able to verify the accuracy and propriety of [illegible] contractors' claims. CACA, ICA, [illegible] or CIPFA-qualified, it's equally [illegible] you are fully conversant in methods of overhead [illegible], and have the IT literacy to investigate a broad range of costing systems. Certainly, this specialist pricing expertise must be matched by strength at the negotiating table.

As well as a competitive salary, you can expect a range of benefits which include a performance-related bonus, non-contributory pension scheme, and relocation where appropriate. We currently have opportunities in: London, Bristol, Manchester/Preston, Southampton, Northampton, Newcastle, Barrow-in-Furness, Belfast and Glasgow.

The closing date for applications is 9 August 1991.

Further information is available on request from 071 [illegible] (24 hour answer phone).

Please apply specifying your preferred location quoting reference FT enclosing a full CV indicating present salary and naming two referees, to: **Ministry of Defence,** [illegible] Accy, Room 223, Lacon House, [illegible], London WC1X [illegible].

DEFENCE *administration* **GROUP**

The Ministry of Defence is an Equal Opportunity Employer and warmly welcomes suitably qualified applicants irrespective of racial origin, sex or physical disability.

Dixons Group plc

GROUP TAXATION MANAGER

Over £50,000 + Benefits - Central London

Dixons Group plc, one of the world's leading retailers of consumer electronics, is seeking a dynamic manager to establish an in-house tax function to conduct the tax affairs of the Group on a highly proactive basis. With total sales of £1.7 billion, the Group has a significant presence in both the UK and US retail markets and has extensive property development interests in several European countries.

This new position will involve all aspects of taxation, including tax planning, special projects, general tax management and liaising with senior managers across the Group.

The successful candidate will be a qualified Chartered Accountant (ideally also ATII qualified), with a first class academic background and an outstanding record of achievement. The candidate should have a minimum of four years tax experience in a major accountancy practice or an international group. Experience of handling major tax projects is essential, with good exposure to international tax. Excellent interpersonal and communications skills coupled with a strong commercial awareness are fundamental.

The rewards, both long and short term, are first class.

Please reply in confidence, enclosing a full CV to R E Andrews, Group Personnel Director, Dixons Group plc, 25 Farm Street, London, W1X 7RD.

Head of Finance

circa £40,000 package plus company car

Are you an experienced Accountant with management experience and are you ready for an exciting career move?

PPP is a market leader in the UK health insurance industry providing cover for about 1.75 million people. It has an excellent reputation for customer service, innovation in product design and new business development.

As part of its ambitious development programme PPP is to launch a new life insurance company in early 1992 to market and administer a range of innovative health and life insurance products. This long term insurance company is called PPP Lifetime plc and it is now looking to fill a key management post.

Reporting to the Managing Director your responsibilities include:

- Developing and then maintaining sound financial procedures and associated controls
- Maintaining management accounts and producing management information
- Maintaining proper accounting records and preparing all statutory accounts
- Supervising investment management and managing office services, personnel and compliance

The ideal candidate should be a qualified accountant. Good management skills are important. You should be flexible enough to implement modern automated financial systems which minimise the need for large numbers of staff.

Rewards include an attractive salary and an impressive range of benefits including company car, private medical insurance, mortgage subsidy scheme, pension scheme and relocation [illegible] (if applicable).

It is planned to locate PPP Lifetime in an attractive part of the West Midlands. So if this exciting challenge interests you please send your career details and supporting information to Miss Sara Hawkins, PPP Lifetime plc, PPP House, Tunbridge Wells, Kent TN1 1BJ by 1 August 1991.

PPP LIFETIME

Financial Controller

High Volume Production

South Coast,

c £33,000, Bonus, Car, Benefits

This is a superb opportunity for an ambitious young Accountant to join the management team of a well-established, medium-sized, private company. Reporting directly to the Managing Director, you will assume full responsibility for the company's financial affairs. It is thus essential that you are a fully qualified Accountant with several years experience as either Financial Controller or Senior Management Accountant in a manufacturing company operating MRPII. You will probably be in your early 30's. Whilst a knowledge of computer based MIS and experience of acquisitions would be distinct advantages, more important is your ability to couple hard-headed cost controls on the one hand with commercial flair on the other. A demanding position certainly, but one that is matched by the benefits package, which includes a company pension, private healthcare and relocation assistance where appropriate.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *P.R. Boyle,* **Hoggett Bowers plc,** *George V Place, 4 Thames Avenue,* **WINDSOR,** *SL4 1QP,* **0753-850881; Fax: 0753-853339,** *quoting Ref: W21031/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, EDINBURGH, LEEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and EUROPE

Financial Controller

Central London c£35,000 + Benefits

Our client, a newly created operation, is currently being established as the UK's sole independent Gas company. Engaged in the distribution, trading and marketing of gas throughout the UK, this company is poised to take maximum advantage of the recent deregulation of the UK Gas industry.

The Financial Controller will play an integral part in the management team and will be expected to undertake a key role in the development and growth of the company's [illegible].

Reporting to the Managing Director, the responsibilities of the position will include:

- Provision of technical information on financial and accounting matters.
- Designing, implementing and developing appropriate IT systems.
- Company secretarial duties.
- Credit handling, finance and banking transactions.

Applicants must be able to demonstrate the following:

- Exposure to a high volume transaction business.
- Excellent numerical skills to deal with the complexity of financial data.
- Computer literacy with the ability to develop accounting systems.
- Familiarity with energy markets.

Candidates, aged 28-35, must be qualified [illegible] who have the confidence, communication skills and versatility to adapt to the diverse demands of the role.

If you feel you have the necessary experience please contact Teresa Stimpson or Liam Dowds at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH or alternatively fax your details to them on 071-831 [illegible].

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Specialists in financial recruitment

£70,000 package *Manufacturing and Sales - Global Plc* *SW of London*

Finance Director

Profitable c. £130 million T/O Company, part of a major business group of a highly successful top 100 multi-national, is a world leader in its chosen markets with manufacturing and sales operations in the UK, Continental Europe, USA and Far East. A commercially orientated finance professional is now sought to join the small UK based head office management team planning and implementing a growth strategy for the 1990s. Frequent international travel and excellent career prospects.

THE ROLE

- Reporting to the MD with full responsibility for the finance and IT functions. Close involvement with [illegible] in business planning and reviews to optimise performance.
- Particular scope to review product and manufacturing costing, capital expenditure and investment decisions to expand capacity and to upgrade worldwide IT [illegible].
- Key member of strategic management team. Identifying and evaluating acquisitions, joint ventures and third party co-operative opportunities.

THE QUALIFICATIONS

- Graduate, ACA/ACMA, probably in their 40's, with manufacturing experience. Probably Financial Controller/Director of a significant international business.
- Highly commercial and market-focused orientation. Good IT systems experience.
- Personable and able communicator and influencer. A team player, highly numerate with an agile and flexible mind. Free to travel extensively.

London 071-973 0889
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Please reply, enclosing full details to: Selector Europe, Ref F242041L, 16 Connaught Place, London, W2 2ED. 071-973 0889

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Enterprise Oil is the UK's largest independent oil and gas exploration and production company. Since its flotation in 1984 it has grown significantly: daily production levels have increased fourfold and reserves are now approaching 1 billion barrels of oil equivalent. From its original UK base, the company has expanded into several overseas locations, notably Norway, Italy, Indonesia and Vietnam. Further expansion is anticipated.

Two challenging appointments in joint venture audit are now available.

JOINT VENTURE AUDIT SUPERVISOR

You will be responsible for supervising a team of joint venture auditors and for planning, co-ordinating, conducting and participating in audits in the UK, Europe and elsewhere. You will be responsible for preparing and reviewing audit reports and ensuring that issues raised are satisfactorily settled.

Demonstrable leadership ability and communications skills are essential, as is prior experience of joint venture in the industry. This is an ideal career move for an accountant with at least one year's post qualification experience.

JOINT VENTURE AUDITOR

This appointment offers the opportunity to gain valuable joint venture audit experience, creating an excellent platform for career progression within the company. You will be responsible for carrying out audit assignments in the UK, Europe and elsewhere. The successful applicant will probably be a recently qualified accountant though candidates with Joint Venture auditing experience will definitely be considered.

For a detailed and confidential discussion contact **Paul Goodman** on (quoting reference 1003) **071-387 5400 (at home on 081-455 0666)** or **John Bowman (at home on 0474 874473)** or write to them enclosing a detailed curriculum vitae at **Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN.**

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FINANCE DIRECTOR

Midlands c£45,000

This is a senior, high profile position for a substantial division of a major British plc whose immediate impact on both the appointees and the company's future can be made. The opportunities for improved financial performance are substantial and the recently appointed Divisional Chief Executive has identified a need for a Finance Director to enhance the management team and make a significant contribution to this consumer service business.

Reporting to the Divisional Chief Executive, the successful candidate will be part of a very small central management team which is concerned not only with the monitoring of the existing business but also the future strategic development. The skill and experience our client seeks is simple yet totally demanding; aged between 32-40 you will more than likely be a Chartered Accountant and will have had first class training from one of the country's leading practices before entering commerce or industry. Detailed profit and cash forecasting, management information systems, budgetary control and multi-site accounting you will treat as second nature for this central team is no "ivory tower", it is a totally "hands-on" working environment. Considerable emphasis is being placed on people management to build a strong finance team.

Together with an excellent base salary as indicated above, a substantial benefits package will also be negotiated with the successful candidate. To progress your interest further, simply send your up-to-date career details or telephone for an informal conversation to: James Beddington at Read & Associates, 17 Hope Street, Liverpool, L1 9BQ. Tel: 051 707 0100 quoting reference number 127. Confidentiality is assured.

READ & ASSOCIATES

SENIOR ACCOUNTANT

M4 Corridor | Age 25-35 years | [illegible] £27,000+Bonus+f/e Car

This high profile organisation is a dynamic subsidiary of a worldwide group. It is a market leader in its field within the software industry. Substantial growth in turnover has been achieved over successive years and is forecast to continue at an impressive rate. As a result of expansion of the Consulting division within the UK and into other European countries, there is a requirement for an individual to establish and manage the finance function for this division.

The successful candidate will be educated ideally to degree standard and will be [illegible] fully qualified accountant of any UK institute. Commercial experience is [illegible] pre-requisite and this will preferably have been gained within the hi-tech sector. [illegible] second European language would be desirable but is not essential.

The role encompasses all aspects of financial and management accounting together with considerable emphasis on the definition and implementation of financial and management reporting systems. Personality is as important as experience: the successful individual will have excellent communication skills, be extrovert and determined to succeed.

The benefits package includes private health care, life cover and contributory pension scheme. The bonus element of salary is based solely on personal performance.

For further information please telephone Andrea Black on (0753) 831515, or write enclosing [illegible] brief CV to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
[illegible] High Street Windsor SL4 1LD
Telephone: [illegible] 831515 Fax: [illegible] 831171

GROUP FINANCIAL CONTROLLER

Northern Home Counties | ACA | c£50,000+Car+25% Bonus+Share Option

With [illegible] turnover in excess of £300m this major UK printing and packaging group currently operates as [illegible] highly successful and profitable performer in a fiercely competitive market place. Anticipating continued expansion they now seek to strengthen their senior management team with the appointment of an outstanding Group Financial Controller.

The Group has adopted the highest standards of financial reporting and control which you will be expected to maintain and improve. Managing through 11 staff you will be responsible for the preparation and review of the Group's statutory and head office accounts, Group consolidation, treasury and the custodianship of the Group's accounting standards. In addition you will be expected to make a commercial input at Board level and to operate as a key link between 10 subsidiary financial directors and the Group financial function.

In your 30's [illegible] early 40's and [illegible] qualified ACA, you will probably be performing [illegible] similar role at a divisional level in a manufacturing, multi-site operation and will be now looking for [illegible] bigger challenge in [illegible] dynamic and fast moving organization.

Charismatic and capable of being developed into [illegible] Deputy Financial Director we are searching for a natural team leader able to influence and make an impact in an *exciting yet tough environment. This represents [illegible] unique opportunity to impose* your personality and skills within [illegible] highly ambitious results driven company.

The package will include a competitive base salary, fully expensed company car, bonus, equity participation and other senior executive benefits. If you feel you have the qualities that this company are looking for please write to Simon Hewitt, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464 Fax: 071-437 0507

Finance and Compliance Officer

City £35,000 + Benefits

Dongsuh International (Europe) Ltd. is [illegible] be newly established as [illegible] wholly owned international subsidiary [illegible] Dongsuh Securities Co., Ltd. which [illegible] a top ranking [illegible] house in Korea. The company will be growing [illegible] as a strategic center for the expansion of international capital market operations in Europe. The company now wishes to recruit [illegible] Finance and Compliance Officer.

This position will be expected to deal with all accounting operations while maintaining systems to [illegible] the relevant [illegible] compliance requirements as currently given by SFA.

The ideal candidate will be [illegible] qualified [illegible] with [illegible] professional working experience gained in compliance. Personal qualities must include strong communication and administration skills, enthusiasm and the ability to help set up [illegible] new operation in a small team for a long-team [illegible] Age will not be a significant factor, but the successful candidates are likely [illegible] in their [illegible] - [illegible]

[illegible] write in [illegible] confidence with full personal, career and salary information [illegible] address below.

Dongsuh Securities Co., Limited
[illegible] London Wall
LONDON [illegible] 5TB.

The Financial Times proposes to publish

The Pensions Management Institute examination results

on

Wednesday 17th July 1991

For further information please contact Stephanie Spratt on 071 873 4027

PEEK

GROUP FINANCIAL CONTROLLER

Abingdon, Oxon | c.£45,000 + bonus + car + options

Peek plc is an expanding international [illegible] company specialising in traffic and field data systems. Turnover in 1990 reached £70m and further significant growth is expected this year. The business is young, profitable and highly acquisitive with a well developed strategy and strong market share in its targeted areas.

The Group Financial Controller reports to the Finance Director and is a key member of the Abingdon based corporate team. You will be closely involved with individual companies concentrating on effective financial controls and MIS as well as have considerable scope to be an active participant in acquisition strategy and implementation. Specific tasks will cover group reporting and control, treasury, capital expenditure appraisal, planning and tax involving liaison with external advisors. Some international travel will be required.

You are likely to be [illegible] graduate ACA aged 32-40 with manufacturing experience at corporate or divisional level preferably in a related industry and with some international exposure. You will be commercial, computer literate and both proactive and analytical in approach. A knowledge of group consolidations and published accounts will be [illegible]uired and you must be an effective man manager. Acquisitions experience would be particularly useful. Your personal skills will include presence and maturity, the ability to handle complex issues calmly in a changing environment, good communications aptitude, persuasiveness and the desire to contribute in a successful company which has an open style and recognises that wor[illegible] should be fun.

Please reply in confidence, giving concise career, personal and salary details to Brendan Keelan, quoting Ref. L592.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD

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Our client, The CharterGroup Partnership is the exclusive network of firms of Chartered Accountants [illegible] is backed by the resources of Professional Enterprise Group Plc. They [illegible] seek a Quality Control Manager to conduct on-site quality control reviews to ensure all member firms are working to the highest professional standards. [illegible] include involvement with training courses and [illegible] support.

The appointee will [illegible] a qualified [illegible] accountant, probably aged 28-32, with a minimum [illegible] 2 [illegible] PQE within [illegible] profession. Strong auditing skills, large and small firm experience and excellent technical knowledge [illegible] essential. Personal characteristics sought include outstanding written and oral communication skills, a tactfully persuasive manner, commercial flair, a high degree of self [illegible] and [illegible] health.

The package includes, a salary negotiable to £30K, company car, private medical insurance and company pension scheme. Opportunities for advancement within this young, growing company are excellent.

To apply write with CV and current salary details to Peter Page, Director, [illegible] Smith, Management Personnel Ltd, 50 Bridge Street, Northampton, NN1 1PA quoting ref PP/18.

Anderson Smith
EXECUTIVE SELECTION [illegible]
NORTHAMPTON CATERHAM

The CharterGroup Partnership

Financial Accountant

(Finance Director Designate)

East Anglia c.£30,000-35,000+car+benefits

Our client [illegible] a manufacturer [illegible] upholstery with [illegible] chain of branded retail outlets in the [illegible] South East England.

This [illegible] new appointment resulting from the company's organic and planned future growth. The Financial Accountant/Finance Director Designate will [illegible] responsible for the production and delivery of financial management accounts, budgets and [illegible] the [illegible] or [illegible] be responsible for the implementation and development of [illegible] new computer system especially designed for the furniture manufacturing and retailing industry.

The [illegible] candidate [illegible] an energetic, hands-on qualified accountant with experience in retailing and/or manufacturing. [illegible] demonstrably high [illegible] achievement [illegible] expected in their career [illegible] date, together with a [illegible] desire [illegible] develop their future with a fast expanding quality [illegible]

[illegible] write, in confidence, enclosing [illegible] copies [illegible] your curriculum [illegible] to: James Forte quoting [illegible] M6777/F.

Our client will [illegible] sight [illegible] all applications, [illegible] please list clearly any companies to whom you do not [illegible] your CV [illegible] sent.

KPMG Selection & Search
70 Fleet Street, London EC4Y 1EU

Finance Director

Salary package to £60,000 p.a.

Sustained growth and profitability in the telecommunications industry [illegible] more than technical excellence. It [illegible] outstanding [illegible] skill and [illegible] control. It [illegible] willingness to explore [illegible] ideas, products and markets. Above all, it takes the ability [illegible] reconcile short-term objectives with long-term strategic goals.

These are the strengths that have made our client into [illegible] successful international supplier of advanced telecommunications services - and the strengths that [illegible] will build upon as Finance Director.

In this high profile role, you will give shape and direction to a strategic expansion programme designed [illegible] transform our client into the dominant force in a variety of global markets. To this end, you will advise [illegible] Managing Director on all financial [illegible] relating [illegible] company's operations. [illegible] will [illegible] help to formulate [illegible] strategy and financial *objectives, determine the company's overall financial* [illegible] methods of financing, and maintain [illegible] highly effective accounting function.

You will need an appropriate degree, a recognised accountancy qualification, and a minimum of ten years' post-qualification experience. This must include at least five years' experience at a senior level in the financial management function of a leading I.T. company, ideally in the field of communications.

[illegible] man-management experience is essential [illegible] you will actively develop [illegible] structure, culture and growth of your [illegible] You should also be familiar with the internal workings of [illegible] large, complex organisation.

The rewards, like the challenges, are substantial. In addition [illegible] a salary package of up to £60,000 you will receive an executive benefits package including company car, contributory pension scheme, and private medical insurance. You [illegible] be based in [illegible] London, and relocation assistance will be considered where appropriate.

If you have the personal qualities and the weight of experience to influence the growth and development of a truly innovative [illegible] organisation, please contact Stewart Wright, Consultant, Austin Knight Selection, 20 Soho Square, London W1A 1DS. Alternatively you can telephone him [illegible] 071 439 5780 (071 494 1093). Please quote reference number 319/SW/91.

Applications are forwarded [illegible] client concerned, therefore companies in which you are not interested should be listed in a covering letter.

Austin Knight

FINANCIAL CONTROLLER £20k+ BENEFITS

Leading silver jewellery & gifts manufacturer requires financial controller to take responsibility for its accounting [illegible] financial management. Candidates should have management accounting qualifications, and some practical experience.

C.V.s to: Suite 1, Scott House, Admirals Way, Marsh Wall, London E14 1AA
Ref: AN1

CREDIT EXECUTIVE
SAL: £25-30K+BENEFITS

Merchant Bank requires Credit Executive within their asset finance department. Credit analysis, finance evaluation, credit re-structuring and preparation of secured finance documentation all essential. 2 years practical experience expected with emphasis on tax based finance. Grounding in English company law and accountancy experience essential.

C.V. to: Suite 1, Scott House, Admirals Way, Marsh Wall, London, E14 1AA. Ref: HSI.

INTERNATIONAL CONTROLLER (FCCA)

having over 20 years experience in finance and accounting with major international companies seeks position as *Controller/Finance Director.*
Hands-on, motivating manager with detailed experience of leading [illegible] finance, [illegible]ry and MIS functions in [illegible] pan-European environment with both European and [illegible] organisations. Flexible as to location.

Please [illegible] to [illegible] Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS WANTED

FCA aged 46, ex PLC Finance Director and P W Management Consultant. International experience. Seeks new challenge. Title not important, nor location. Experienced in Financial, Treasury, Troubleshooting Acquisition & Disposal. Presently underemployed in Property Company! References available

Write Box No: A1569 Financial Times, One Southwark Bridge, London SE1 9HL

FINANCE DIRECTOR

West Sussex **c. £55,000 + car, bonus, options**

Our clients are leading suppliers of fresh produce in the UK and have demonstrated [illegible] impressive record of long term and profitable growth. Turnover in the current financial year [illegible] projected to reach £130m. They supply all the major multiples and have a national network of wholesale operations [illegible] service the independent retailer. They now wish [illegible] appoint a high calibre Finance Director who will report to the Executive Chairman and play [illegible] central part in their next phase of development.

The role consists of an interesting mix of "hands on" financial management with significant commercial involvement and contribution [illegible] strategic development. An important initial responsibility will [illegible] to review and strengthen financial controls and management information systems in line with company growth. The Finance Director will play [illegible] key part in future business development, in particular acquisitions and start ups in the UK and Europe.

Candidates must be qualified accountants, preferably aged mid 30's [illegible] late 40's, technically sound and with experience of senior financial management. This will have been in a fast moving environment and will ideally have included multi-site operations. They will have the ability [illegible] identify and [illegible] commercial opportunities and the strength of personality to thrive in a robust entrepreneurial environment.

If you [illegible] demanding criteria please send a comprehensive Curriculum Vitae, including current salary, to: Chris Rose, Touche Ross Executive Selection, Carlton House, Carlton Place, Southampton, SO1 2DZ. Tel: 0703 334124, quoting reference CRR107.

Touche Ross
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NEWLY QUALIFIED ACCOUNTANTS

After six months' training we'll be happy to see the back of you

If you have the personal strengths and professional qualities to succeed in [illegible] overseas, the leading international *tobacco business offers superb training and many rewards.* Within six months you'll have the expertise for your first international posting – and a package that includes an excellent salary, free accommodation and paid school fees.

Of course, the demands are great. As a young accountant you will be carefully groomed to run and then manage [illegible] business. Over a number of years, in different countries, you'll have to quickly acquire [illegible] unique corporate culture in environments [illegible] colourful [illegible] Asia, Africa, the Far East and the Americas.

Very few professionals can do it. To excel [illegible] you'll have to be technically outstanding, instinctively gregarious and socially skilled. When you're in your 30's, we'll expect you [illegible] be Financial Director of [illegible] of our 40 companies, contributing [illegible] a worldwide turnover that already exceeds [illegible] billion. With continual development, and a series of international postings, the highest positions in [illegible] operation will be within reach.

If you're currently a graduate Accountant (CIMA [illegible] ACA) aged under 28, with the personal resilience, mature outlook and linguistic ability to succeed in our business, get going. Write in confidence with your CV to: Bianca Coulter, K/F Associates, Pepys House, 12 Buckingham Street, London WC2N 6DF.

BAT
A member of the B.A.T Industries group of companies

General Manager - Finance

Promoting Britain – Promoting Services

City £30-35,000 Qualified or p/qualified

Our [illegible] company primarily funded by City Institutions and [illegible] links with Government.

Reporting [illegible] Director General, [illegible] successful candidate must [illegible] communicate effectively [illegible] within a [illegible] leading businessmen [illegible] the [illegible] arises. There is considerable scope for involvement in policy formulation, marketing, [illegible] analysis [illegible] development. Responsibilities include [illegible] implementation and maintenance of controls, the production of accounts and management information, cash flow, supervision [illegible] the bookkeeping function [illegible] company secretarial [illegible] management.

If you [illegible] seeking [illegible] job in [illegible] stimulating environment with an organisation operating in [illegible] vital [illegible] the economy, within both a domestic and international environment, this position will [illegible] of interest. **Age is not a factor in the selection process.**

Interested candidates should [illegible] their CV's including present remuneration, day [illegible] home telephone *numbers [illegible] James Forte, quoting [illegible] B2001/F, at the [illegible] below. [illegible] the client may have sight* of applications, please list [illegible] organisations to whom [illegible] application should not be disclosed.

KPMG Selection & Search
70 [illegible] Street, London EC4Y 1EU

Financial Controller

The principal operating business of a £multi-million plc, my client [illegible] achieved *spectacular sales and profit thanks to superior performance founded* [illegible] excellent [illegible] service.

As a result of this growth, it is time [illegible] devolve [illegible] support functions from the corporate centre to this [illegible] business division. Professional, disciplined financial management and efficient accounting [illegible] information systems are already established. To carry this [illegible] into the [illegible] de-centralised function, now requires the appointment of a high calibre accountant [illegible] lead and manage the team.

A graduate, professionally qualified [illegible] probably still in your early 30's, you will have proven skills gained from experience in a multi-site, large turnover, blue-chip organisation, where high volume transaction processing [illegible] carried out on sophisticated systems.

Demonstrable success in developing accounting [illegible] management information systems, a strong analytical ability and well rounded skills in managing people and workflows will match your professional prowess. Excellent communication, influencing and other interpersonal skills will enable you to quickly establish credibility and implement change in a demanding environment.

The reward package reflects the importance [illegible] the role. Send your CV (including remuneration details) to me **Andrew Burke, Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, Herts. SG14 1PU. Tel: (0992) 552552.**

c. £38,000 plus car & excellent benefits

East Midlands

Macmillan Davies

S E A R C H & S E L E C T I O N

Ambitious Qualified Accountant

C. London **c.£37,500 + Car + Benefits**

Impacting directly on major corporate decisions within a £billion British commercial group, this is [illegible] rare opportunity [illegible] make your mark.

Contributing at a tactical and strategic level, your responsibilities will range from financial control and monitoring to the review and enhancement of financial and management information systems.

This [illegible] an extremely visible position demanding considerable drive and personality. Working within a young ambitious team, you will need an excellent track record in financial management, proven technical skill, including [illegible] good appreciation of manual and computerised systems, and a high degree of business acumen.

For anyone with the ambition and potential, this position [illegible] outstanding prospects for rapid career progression. Other rewards include an excellent, negotiable salary, a quality [illegible] and many other large company benefits.

Write with full CV and daytime telephone number to Patrick Donnelly quoting reference FT/085.

PPD *Consultants*
MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 071-828 2273.

FINANCIAL CONTROLLER

London

We are a UK based international trading group occupying a unique position in our industry, with subsidiary companies in Europe, North America, Australia and the Far East. Our annual turnover is approximately £100 million.

Our main operating company currently needs to recruit an experienced qualified accountant to be based at our head office in London. You should be a self-starter, have had several years practical experience of financial control in multi-currency operations, be [illegible] good and effective manager, and be prepared to adopt a "sleeves rolled up" approach to work. You should ideally have had exposure to a trading environment and be familiar with the financing techniques used therein.

You should [illegible] have had experience of implementing and upgrading computer systems.

You will, in due course, be expected to assist and deputise for the Group Finance Director [illegible] play an *increasingly active roll in the overall management of the Group. Some degree of* overseas travel will be involved.

The position carries a remuneration package in the region of £35,000. Age [illegible] not necessarily a limiting factor, but we feel that it is unlikely that anyone less than [illegible] years of age will have had the required depth of experience for this role.

Please send [illegible] comprehensive CV, together with details of current salary, to:

**Box A406 Financial Times,
One Southwark Bridge,
London SE1 9HL.**

THE UNITED MEDICAL & DENTAL SCHOOLS OF [illegible] & ST [illegible] HOSPITALS [illegible] OF LONDON)

Director of Finance

c. £40,000 pa incl.

This major medical and dental school is seeking a Director of Finance [illegible] take responsibility [illegible] the provision [illegible] services to the School and, equally importantly, to play a front [illegible] role in [illegible] management. This is a demanding post calling for someone with the drive and initiative to get things done in [illegible] complex environment. Applicants must be qualified *accountants* [illegible] able [illegible] *well-developed* management skills.

The [illegible] employs some 1450 [illegible] and [illegible] and has an annual turnover of c £50m.

Further details [illegible] the post are available from the Personnel Officer, [illegible] Personnel Department, Medical School Office, [illegible] Thomas's Campus, Lambeth Palace Road, London SE1 7EH tel: 071-922 8049 (24 hour answerphone), quoting ref G/CA/741. Closing [illegible] Friday 26 July [illegible].

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DIRECTORS

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Demand [illegible] than well meaning Career Counselling [illegible] Outplacement advice.

Insist on real direction in your job search based [illegible] market intelligence.

Our subsidiary InterMex works with [illegible] 2000 [illegible] gaining access to [illegible] unadvertised vacancies annually – mostly in the £40,000-£200,000 bracket.

[illegible] makes recommendations for these vacancies – *without charge* [illegible] *candidates or recruiters.*

Telephone Keith Mitchell [illegible] arrange an exploratory meeting without obligation

Tel: 071-930 [illegible]

Landseer House [illegible] Charing Cross [illegible] London [illegible] 0ES Fax: 071-930 5048

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Elizabeth Arthur 071-873 3694 Stephanie Spratt 071-873 4027

Rentokil

Group Financial Controller

£40 - 45,000 + Executive Car + Benefits — **Sussex**

Rentokil [redacted] one of the world's leading environmental [redacted] companies operating in [redacted] countries and having [redacted] enviable long-term record of profits growth. The company has recently become a member [redacted] the FTSE 100.

This continued growth [redacted] the need [redacted] a Group Financial Controller to report to the Group Finance Director. You will have full responsibility for the consolidation of Group figures for long range plans, budgets and monthly/quarterly reviews in addition [redacted] preparing the monthly management [redacted] commentary for the Group Board and attending the quarterly reviews.

Candidates, probably aged around 35, must have [redacted] recognised accounting qualification and experience in consoli-[redacted] and [redacted] accounting [redacted] the head office of a major international [redacted] of companies. Experience [redacted] in [redacted] operating [redacted] would [redacted] useful; spread [redacted] computer-based accountancy systems experience [redacted]

The excellent package comprises [redacted] basic salary up [redacted] £45,000, profit-related bonus (target 25%), a fully expensed [redacted] car and [redacted] comprehensive range of benefits.

[redacted] write in confidence, enclosing full [redacted] and salary details, stating how [redacted] requirements, [redacted] Paul Banfield, [redacted] 46130, MSL Group Ltd, [redacted] Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

RANK XEROX

Manager – Group Financial Services

Marlow, Bucks — **Min £40,000 + Car**

Our client, the European Manufacturing Operation [redacted] Rank Xerox, the world market leading supplier of office and business systems, *currently seeks to appoint a* Manager – Group Financial Services [redacted]ng internal promotion.

This is a senior management position reporting to the Director, Financial and Information Systems with full responsibility for the UK accounting activities as well as the consolidation of financial results for the whole Group. Primary objectives will be wide ranging in scope, complex in detail and vital in importance. Their achievement will only come from the application of the highest professional standards, whilst maintaining close working relationships with divisional staff, plant controllers, and members of multi-function teams.

Suitable applicants will be graduate ACAs, with at least six years' post-qualification experience in a multinational manufacturing environment.

Knowledge of US accounting standards, activity based costing and systems overhauls would all be advantageous.

Excellent staff management, leadership and communication skills are prerequisites, as is a confident yet adaptable results oriented approach to problem solving. A self assured, self starting individual eager for further challenge and development, yet already able to balance broad strategic thinking with a fine eye for detail is required. Prospects for further advancement within the Group are exceptional.

Rank Xerox is an equal opportunities employer.

Interested parties should, in the first instance, forward a comprehensive curriculum vitae for the attention of Renny Hayes BA ACA or Sajid Baloch BA MBA at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 [redacted] quoting reference DMS.

Michael Page Finance
Specialists in financial recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Institutional Funds Management

with people skills to match accounting strengths

ACA/CIMA — **Jersey based**

Our client, [redacted] wholly-owned subsidiary of a prestigious UK Merchant Bank is committed to further substantial growth; this newly created position is an integral part [redacted] these growth plans. This [redacted] high profile role combining substantial [redacted] responsibilities including tax and regulatory requirements, with a broader negotiating [redacted] ambassad[redacted] remit.

Ideal candidates, probably in their thirties, will [redacted] degree holders [redacted] an accountancy qualification [redacted] demonstrable experience of [redacted] funds management accounting or Trust and Company [redacted] strengths will, [redacted], require to [redacted] accompanied by presentational, negotiating and people management skills of the highest order.

Crucially, we require commercial awareness, the ability to take advantage of substantial autonomy and the personality best suited to motivate and relate to, a small highly professional team.

Those candidates already with Jersey residency status will be of particular interest but we will welcome applications from others who would enjoy the fiscal and other fringe benefits.

Promotional prospects [redacted] organisation are undoubted, [redacted] salary package unlikely [redacted] disappoint.

[redacted] full [redacted] details quoting [redacted] No. [redacted] to Malcolm Lawson at Codd Johnson [redacted] Human Resource Consultants, 12 New Burlington Street, [redacted] 1FF. Alternatively telephone 071-287 7007 during the working day and 0323-485580 in the evenings. Fax on 071-287 2391.

CJH Codd · Johnson · Harris

An exceptional opportunity within a young Plc.

With a turnover [redacted] around £140m [redacted] provides 1.5 million [redacted] a [redacted] quality [redacted] supply [redacted] treatment [redacted] we are [redacted] in a major capital [redacted] programme of £1.4 billion aimed at improving our existing [redacted] and enhancing [redacted] environment. We are [redacted] developing commercial [redacted] our core [redacted]

GROUP AUDITOR

c.£30K + CAR + BENEFITS — **EXETER**

Reporting [redacted] Group Director [redacted] Finance, your role will [redacted] a crucial one. You will [redacted] control the [redacted] function throughout South [redacted] This will involve [redacted] organisation's [redacted] procedures, ensuring compliance with [redacted] identifying improvements where [redacted]. You will [redacted] pre and post Capital Investment appraisals ensuring that [redacted] analysis [redacted] satisfactory.

Managing a [redacted] 6 who will [redacted] you with all [redacted] traditional functions of [redacted] department, you will [redacted] responsible for [redacted] and quality of [redacted] reports and [redacted] produced by them, and for presenting this [redacted] Committee.

You will personally conduct special assignments in various [redacted] of the Group including IT, liaising regularly with senior management, and thereby influencing improved quality standards and efficiency throughout the organisation.

This is [redacted] pivotal position within a rapidly growing, vibrant Plc, [redacted] you will require exceptional [redacted] drive, tenacity and resilience to [redacted]

Probably aged 30-40, [redacted] a qualified Accountant, [redacted] must [redacted] significant experience of [redacted] in [redacted] private [redacted]. This [redacted] be from [redacted] a Plc or within the profession, or indeed, [redacted]. [redacted] important, however, [redacted] blend of communication [redacted] that allows you to [redacted] effectively [redacted] all [redacted] internally and externally.

In addition [redacted] a competitive negotiable salary, [redacted] offer [redacted] including a car, generous holidays, pension [redacted] relocation assistance.

[redacted] apply [redacted] full CV quoting reference number 79144 to our consultant Nigel [redacted] at MSL Advertising, [redacted] Quay House, [redacted] Quay, Bristol, BS1 4DJ to be [redacted] by 25th July [redacted]

SOUTH WEST WATER

GROUP FINANCE EXECUTIVE

N M Rothschild & Sons Limited, a leading international merchant bank, [redacted] exceptional opportunity for a young, career-oriented chartered [redacted]

Working in a small department reporting to the Group Finance Director, you will be involved in the presentation and analysis of financial information, UK and overseas taxation, as well as a va[redacted] of special projects.

Probably in your late 20s, you should have a proven record of relevant experience including [redacted] least [redacted] years in the tax department of a major accounting firm.

The post offers an attractive starting salary plus the usual range of banking benefits including profit-share.

In the first instance, please send a personal résumé detailing your experience, in the strictest confidence, to: The Personnel Director, [redacted] Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

N M ROTHSCHILD & [redacted] LIMITED

Financial Analysts

£25k – £35k

London Transport (turnover c £m 1,100) is seeking young financial analysts (ACA, CIMA, ACCA) to join its new Group Finance team at Head Office.

We are currently taking steps to strengthen financial control over the operation of our subsidiaries. The analysts will be responsible for the full monthly analysis of subsidiary company results and [redacted] be part of a small team reporting to the Group Management Accountant, who in turn reports to the Director of Financial Control.

Candidates must be professionally qualified with the ability to work under pressure and meet tight deadlines. Interpersonal skills and facility for written communication are very important.

The role is challenging and demanding and is an ideal entry point into a very large organisation. Opportunities for advancement [redacted] excellent.

Our benefits package includes free travel on LT buses and trains, and on DLR, together with reduced rate travel on British Rail.

Please send your CV to Gillian Coggins, [redacted] Personnel, London Transport, 55 Broadway, London SW1H 0BD, quot[redacted] reference CDV 9238/E. The closing date for receipt of applications is Friday 19 July 1991.

London Transport

Financial Controller

Music Distribution

We have an exceptional opportunity for a commercially-aware, highly motivated professional finance person to join the largest and most successful group of music companies in the [redacted] – PolyGram.

The job is that of Financial Controller of our Division responsible for the distribution of recorded music and video product throughout the UK for both our own record and video companies (Polydor, Phonogram, Decca, Deutsche Grammophon etc.) and third party clients. Based at Chadwell Heath in Essex and managing a staff of 11, the Controller plays a major role in the site management team and, in particular, in developing and analysing business plans and proposals as well as being responsible for the more formal duties normally associated with this position.

We are seeking a high-flyer: someone with the ability to progress through the organisation – a lateral thinker with commercial acumen and good staff management skills. Candidates must be qualified and will probably be aged 28-38 with a good degree, "Top 8 CA" and/or blue-chip fmcg CIMA/CCA training and experience. Experience of a distribution environment is of particular interest and the successful candidate will almost certainly be managing a finance function currently.

A very competitive package will be offered. Please send a detailed c.v. with covering letter to Veronica Spicer, Resourcing Manager, PolyGram UK Limited, 1 Sussex Place, [redacted] W6 9XS. Tel: 081-846 8515.

PolyGram

FINANCIAL CONTROLLER

c£35,000 — **N.West**

Unique and innovative product design has been the key to this independent company's impressive and sustained growth rate. Market leader in their field a growing international reputation provides the opportunity [redacted] exploit [redacted] and wider markets. At this exciting [redacted] of their development a versatile, and commercially astute, Financial Controller [redacted] sought to provide the strong financial management needed to ensure controlled growth.

Reporting to the Board the objectives of the role will be varied. Rapid growth of the core business has created the need for a reappraisal and tightening of internal control and reporting systems, whereas the input [redacted] the distribution/marketing activities will be more of a bus[redacted] development and planning [redacted] Progressive involvement in corporate direction will lead to an anticipated Board appointment.

Candidates - qualified and probably aged 30 to 40 - must have comprehensive and creative financial control experience ideally gained within a manufacturing environment. The ability to contribute to the running of [redacted] organisation on a daily [redacted] whilst developing longer term strategy is vital. Above all however must be the drive and commitment to join a team dedicated to success and the long term growth of the business.

[redacted] apply to Paul Blake, ACMA, with career details and current salary quoting ref. no. 0607FT at: Crescent Management Selection, The Crescent, King Street, Leicester LE1 6RX.

CRESCENT Management Selection

Group Financial Controller

London

Qualified Accountants 35-45 — **£40,000-£50,000+Car**

Our client, a leading worldwide service company, well positioned in a dynamic market sector, is seeking to recruit [redacted] Group Financial Controller. Primary duties will be the preparation and control of consolidated financial accounts, budgets and forecasts. He/she will [redacted] be responsible [redacted] the refinement of control and reporting systems and procedures, [redacted] hoc investigations/reports, liaison with auditors and management of the treasury function. The appointee [redacted] also manage a small group head-office team including Group Taxation Manager [redacted] well [redacted] functional responsibility for a number of regional financial controllers.

Candidates (male or female) should have experience at Financial Controller level in an international service industry group. He [redacted] she should have a proven record of achievement in installing/managing financial systems and controls, reporting packages, cash management systems etc [redacted] a multi-company multi-country environment and [redacted] be prepared to travel internationally.

Please send [redacted] copy of your CV [redacted] George Ormrod BA (Oxon), Douglas Llambias Associates Limited, 410 Strand, London [redacted] quoting reference [redacted] FT/11/91AD.

[redacted]
021-233-1421
EDINBURGH
031-2257744
GLASGOW
041-2263101

LEEDS
0532342865
LONDON
071-8368501
MANCHESTER
061-2367555

RECRUITMENT CONSULTANTS

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday July 12 1991

INSIDE

Camera group [illegible] private [illegible] capital bid

Leica

Stephen Schmidheiny, chairman [illegible] the Leica optics [illegible] camera group [illegible] one [illegible] the wealthiest [illegible] in the [illegible] take the [illegible] private a little more than [illegible] year after going public on [illegible] London [illegible] market. The group [illegible] it [illegible] new capital [illegible] strengthen the balance [illegible] sees little value having a public quotation with so little stock actively traded. [illegible] reported [illegible] in pre-tax profits from £6m to £1.6m [illegible] for the year. [illegible] 24

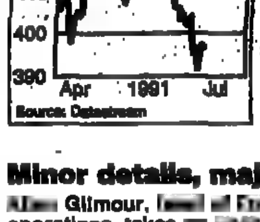
East meets [illegible] End ...

Ryohin Keikaku, a Japanese [illegible] group, has decided the time [illegible] right to import a new retailing [illegible] into the UK. In [illegible] joint [illegible] with department [illegible] Liberty, it [illegible] "no-frills, value-for-money" [illegible] in London's West End [illegible] stationery, household products, clothes and food. [illegible]

... meanwhile at Storehouse

"We are in [illegible] deepest [illegible] since [illegible] 1930s," [illegible] Ian Hay [illegible] (left), chairman, [illegible] yesterday. Chief [illegible] Michael Julien (right) also passed on the [illegible] news [illegible] angry [illegible] that [illegible] UK retailing group will produce [illegible] in [illegible] half of [illegible] current year. Page 23

Singapore pulls in its horns



[illegible] Singapore market had [illegible] first three months this [illegible]. But since the [illegible] of the [illegible] quarter, [illegible] has fallen 4.4 per cent. [illegible] of rising [illegible] and falling [illegible] values are behind the slowdown. Back Page

Minor details, major matters

[illegible] Gilmour, [illegible] operations, takes [illegible] company expenditure — [illegible] the extent of querying [illegible] resurfacing [illegible] the corporate parking lot. [illegible] a minor [illegible] a telling example [illegible] belt-tightening going [illegible] Ford. Page [illegible]

[illegible] gold rush revival

The [illegible] Goldfields Corporation is top [illegible] the league [illegible] gold industry. Ashanti's production in April alone [illegible] 55,500 troy ounces [illegible] more players [illegible] expected in [illegible] rapidly-growing industry [illegible] William Keeling reports. [illegible] 28

Market Statistics

Chief [illegible]

FRANKFURT (DM)

Rises			
Aachen Mch	865	+	19
Asko Prf	800	+	25
Kali & Salz	[illegible]	+	6.9
Linotype	575	+	14.8
Rheinelektra	1530	+	92
Falls			
Veg	384.8	−	12.7

NEW YORK ($)

Rises			
Ashton-Tate	[illegible]	+	[illegible]
Chemical Bank	23	+	[illegible]
Pepsico	[illegible]	+	¼
Falls			
CPC Intl	83⅞	−	3⅛
Eli Lilly	70¼	−	2⅝
JP Morgan	52⅞	−	½

New York prices as at 12.30

PARIS (FFr)

Rises			
Axa	922	+	12
[illegible]	672	+	[illegible]
LVMH	4116	+	35
[illegible]			
Arjomari Prx	2125	−	38
Cap Gemini S	317.1	−	[illegible]
[illegible]	500	−	[illegible]

TOKYO (Yen)

Rises			
Japan Paper	570	+	50
Nihon Nohyaku	1650	+	[illegible]
Nippon Tst Bk	875	+	85
Shinyo	600	+	80
[illegible]	982	+	100
Tokyo Car	940	+	99

LONDON (Pence)

Rises			
Argos	308	+	[illegible]
Handley-Wkr	117	+	27
Leica	70	+	7
Macarthy	256	+	[illegible]
Marks & Spncr	[illegible]	+	6
Norcros	143	+	[illegible]
Smith (WH) [illegible]	396	+	10
TV-am	155	+	11
Turriff	43	+	7
WPP	102	+	[illegible]
Williams Hldgs	[illegible]	+	11

Falls			
ADT	480	−	130
Anglian Wtr	281	−	7
Brit Fittings	185	−	12
Brit Telecom	367	−	6
[illegible]	26	−	4
Euro Leisure	6	−	3
Sears	73	−	4
Torex Hire	28	−	5
Wheway	29	−	[illegible]

Time Warner backs down on cash call

By [illegible] Tait and Patrick Harverson in New York

TIME Warner, [illegible] US publishing and entertainment conglomerate, yesterday admitted that it [illegible] at alternative [illegible] of raising new equity, after [illegible] planned [illegible] issue [illegible] from shareholders and the Securities and Exchange Commission [illegible].

The rights issue, aimed [illegible] reducing Time Warner's [illegible] borrowings of $11.bn, contained an unusual pricing mechanism which immediately sparked a controversy on Wall [illegible] rights [illegible] be [illegible] common [illegible] in [illegible] UK.

[illegible] wave [illegible] shareholder [illegible] hit [illegible], claiming [illegible] was "coercive". Institutional shareholders [illegible] plained [illegible] the subscription price for [illegible] not fixed, rational [illegible] ment decisions [illegible] not be made.

The SEC misgivings [illegible] of [illegible] came [illegible] Mr Richard Breeden, chairman of the SEC, in response to a request from Time Warner [illegible] an informal opinion on [illegible] cash-call plan.

[illegible] let it [illegible] known [illegible] the [illegible] would block the planned issue on the grounds that the pricing structure [illegible] the [illegible] in [illegible] shareholders would not know how much they [illegible] paying for new Time Warner [illegible] when they subscribed.

Shareholders [illegible] the chance [illegible] subscribe for [illegible] shares in proportion [illegible] their [illegible] holdings but the price they would [illegible] paid depended on the overall [illegible] interest in the offering.

For example, if only 60 per [illegible] of [illegible] exercised [illegible] rights, they would [illegible] a share, [illegible] $2.2bn for the company. However, [illegible] 100 per [illegible] participated, [illegible] price [illegible] rise to [illegible] maximum of $105 a share, raising [illegible].

This brought protests and shareholder suits. Many investors claimed that [illegible] was coercive, enticing [illegible] into subscribing [illegible] acquire [illegible] at sub-market price levels. The fee structure for the handful [illegible] banks involved [illegible] the [illegible] irritation: they [illegible] to [illegible] paid anything from $41.5m [illegible] $145m, depending [illegible] of the offering, for what [illegible] claimed was little work and no risk.

Time Warner said yesterday [illegible] was "considering alterna[illegible] of [illegible] proposed rights offering [illegible] amount [illegible] equity". It [illegible] it expected [illegible] the concerns [illegible] by [illegible] authorities and [illegible].

Time [illegible] to say what alternative [illegible] capital raising [illegible] under review, or [illegible] specify [illegible] — within the range [illegible] sums which [illegible] initial offering [illegible] raised — [illegible] amount of equity" lay.

ADT shares fall 21% after Laidlaw results

By Richard Gourlay

ADT shares plunged by 21 per cent to 480p yesterday amid nervousness about the security and car auction group's trading performance. Concerted buying of stock by five directors, led by Mr Michael Ashcroft, the chairman, failed to halt the slide.

The fall followed Wednesday's announcement [illegible] third-quarter [illegible] by Laidlaw, [illegible] Canadian [illegible] management and transportation company [illegible] owns 28.4 per cent of ADT.

[illegible] said [illegible] income fell 38 per [illegible] to [illegible] "after reflecting [illegible] £15.1m share [illegible] ADT [illegible] on operations in 1991".

Mr David Hammond, [illegible] deputy chairman, said [illegible] no pro[illegible] with the group's trading [illegible]. He said he [illegible] "extremely [illegible] that Laidlaw's statement had been [illegible] as a [illegible] ADT [illegible] problems".

[illegible] Hammond said the $15.1m figure might [illegible] share [illegible] ADT's extraordinary losses of $53m, which [illegible] incurred in 1990 due to discontinued activities at Sechura, a subsidiary.

ADT had not supplied Laidlaw with any figures specifically for its third-quarter announcement, Mr Hammond said.

Yesterday Mr Ashcroft bought shares worth £275,000 [illegible] about 550p. [illegible] ADT [illegible] bought [illegible] shares.

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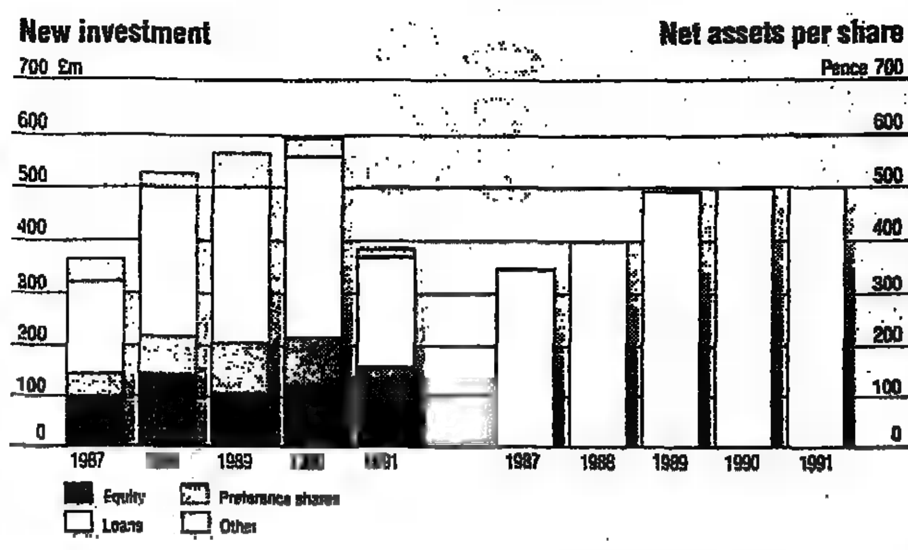


David Marlow, chief executive

3i waits for the day to go to market

Charles Batchelor reports on the coming shift in UK venture capital

AT A TIME when few of its [illegible] would [illegible] a public flotation, Investors in Industry [illegible], Britain's largest venture capital company, is gearing itself up for a stock market listing. After several [illegible] of rumour and counter rumour [illegible] of [illegible] bank shareholders were [illegible] desperate to sell their stakes, 3i is in the final [illegible] of turning itself [illegible] a listed investment [illegible].

[illegible] move to the [illegible] of an expected market capitalisation of £1.2bn ($1.94bn) [illegible] expected [illegible] provide a stimulus to [illegible] neglected [illegible] market — the venture capital [illegible] trusts.

At the same time it will bring [illegible] a fundamental [illegible] in the UK [illegible] capital industry where [illegible] for one third [illegible] the £6bn of [illegible] available.

[illegible] creation in [illegible] has built up a portfolio of nearly 4,100 investments which provide a [illegible] stream [illegible] realisations. Many are small investments but there is the occasional plum, for example [illegible] investment in British Caledonian — the airline bought [illegible] £5m in [illegible] late [illegible] and sold for £100m in 1987/88. An innovative marketing campaign has produced a stream of new investments in recent years as 3i's "break out" programme has enticed managers out [illegible] large [illegible] into buy-outs and buy-ins.

In the 1950s and 1960s, 3i enjoyed almost total dominance [illegible] Britain's venture capital industry, and although this has been eroded by more than 100 smaller rivals, it remains the most significant player. Many of its competitors blame lack of agility and a tendency to bureaucracy on 3i's loss of market share. "I have never lost a deal where I was competing with 3i," said one.

The way to 3i's public listing was cleared in the second half of 1990 when the Inland Revenue finally acquiesced in 3i's application for investment trust status. The ruling meant that when 3i obtained a listing it could shelter capital gains from tax.

Further signs that 3i's stately progress towards listed company status was speeding up came in May when 3i brought in Barings, [illegible] merchant bank, to replace S. G. Warburg as adviser on the flotation. 3i is now looking for a stockbroker [illegible] complete [illegible] range of City of London advisers.

There are still some hurdles to be cleared before 3i finally comes to market. The depth of the recession and its particularly severe impact on the smaller unquoted companies in which 3i invests mean that a listing will have to wait for signs of an economic upturn. Mr David Marlow, chief executive, says the flotation will have to await "the other side of the [illegible] probably".

The impact [illegible] the downturn forced 3i to quadruple provisions in the year ended March 1991 to £128m from a restated £28m the year before. Pre-tax revenues fell from £59m to £38m though shareholders' funds were maintained at £1.2bn.

The depressed state of the unquoted company mar[illegible] is [illegible] reflected in the size of discounts at which venture capital based investment [illegible] have recently traded.

The gap between the venture capital trusts and investment trusts which put their funds into quoted companies has widened. At the [illegible] of 1990, the 30 venture capital investment [illegible] were on an average discount of 29.6 per cent, nearly [illegible] the discount level of the investment trust sector, according to stockbrokers County NatWest WoodMac.

Although some analysts [illegible] that the [illegible] quality of 3i's portfolio will allow it to trade on a narrower discount to net assets than other trusts, most believe the current size of discounts mean an immediate stock market listing is unlikely.

One reason for the market's disenchantment with venture capital investment trusts has been over the issue of valuations. Valuing unquoted investments depends very much on directors' judgments even when standard formulae are applied. 3i, like every other venture capital company, claims its valuations are conservative but it will still need to devote some time explaining its policies to the City of London.

The substantial write-down of the value of unlisted investments [illegible] Ensign Trust last May highlighted the difficulty of making accurate valuations, while last year investor dissatisfaction with the plethora of methods used in the venture capital industry forced the British Venture Capital Association to draw up a set of valuation guidelines.

A further issue which potential investors in 3i will want to see cleared up concerns the shares which will remain in the hands of 3i's present shareholders — the Bank of England and the clearing banks.

Mr Ewen Macpherson, finance director, expects shareholders to offer up to 40 per cent of 3i's [illegible] but the remainder will overhang the market and depress the share price unless firm guarantees on their disposal can be given. National Westminster Bank and Barclays Bank are expected to retain their holdings of 22 and 18 per cent respectively but Midland, with 18 per cent, is believed to be a willing seller.

Most City analysts regard 3i's still powerful market position as a sign of management strength. They believe investors will welcome 3i's conversion to investment trust status as providing a more attractive means of taking a stake in the unquoted company sector.

Many investors are unhappy tying up their money for several years in small private venture partnerships and would prefer to put their funds into a more liquid form of investment.

Unlike partnerships, where investors must commit their money for the entire life of the fund — the early unproductive years as well as the more profitable later ones, a listed investment trust allows investors to take a view on the maturity of the trust's portfolio and only invest when they believe the time is right.

Investment trusts also have the advantage over partnerships of independent boards of directors protecting shareholders' interests while they also tend to charge lower management fees. A recent survey by stockbrokers County NatWest Woodmac showed that private funds charged annual management fees of between 1.5 per cent and 4 per cent of invested funds compared with 0.65 per cent to 2.5 per cent for venture capital investment trusts.

On balance, City analysts believe 3i will present an attractive investment opportunity. The impact of a public listing on 3i and its investment policies is less clear. Mr Marlow and his fellow directors are adamant that 3i will not be forced to take a shorter term view of their investments. But, as the managers of many of the businesses which 3i has brought to market have found, shareholders in public companies rarely take a long-term view.

Audi unveils 46% surge in profits for first half

By Andrew Fisher in Frankfurt

AUDI, the up-market [illegible] car manufacturer, yesterday reported a sharp rise in [illegible] and profits in the first half of this year [illegible] a time [illegible] Volkswagen, [illegible] parent, is having problems [illegible]where, notably in South America.

Mr Ferdinand Piëch, Audi's [illegible] executive, [illegible] profits [illegible] had [illegible] by 46 [illegible] about DM350m [illegible] in [illegible] months, [illegible] turnover [illegible] per [illegible] higher [illegible] DM7.1bn. Last [illegible] pre-tax [illegible] by 17 per [illegible] to DM740m, [illegible] Mr Kurt Lauk, [illegible] director, [illegible] to be maintained.

[illegible] other [illegible] carmakers, [illegible] the strong [illegible] market, [illegible] by [illegible] German demand. Mr Piëch said [illegible] sales in [illegible] half were 49 per [illegible] higher at [illegible] stimulated by the [illegible] of [illegible] new executive-class [illegible] by [illegible] new [illegible] Audi's [illegible] tic market [illegible] per cent to 5.8 per cent. Worldwide sales were 8 per cent higher at 237,000 units, with the strong rise in Germany partly offset by falling sales in the rest of Europe and the US.

European sales outside Germany dropped by 18 per cent to 87,000 cars due to worsening market conditions and the fact that the Audi 100 is still being introduced. The new Audi 80 will be launched shortly.

In the US, where Audi was hit by bad publicity in the late 1980s over alleged acceleration problems, sales in the first six months dropped by 43 per cent to 6,300 cars. The Audi 100 has yet to be introduced [illegible] the US, [illegible] car market [illegible] suffering from recession, and higher-priced cars are subject to a new tax.

Like the rest of VW, Audi has embarked on a heavy investment programme. Mr Lauk said capital spending in the first half totalled DM500m. Audi planned to invest about DM1bn a year until 1994.

Mr Hermann Stübig, production director, said at the annual meeting yesterday that the new Audi 100 had had the steepest sales rise of any model ever introduced by the company. Since the model changeover last December, almost 100,000 units had been built.

Total production of Audi models in the first half was almost 9 per cent higher at 233,000. The output of the new model more than made up for the loss this March of cars previously produced for Porsche under contract.

Delta to acquire Pan Am assets

[illegible] Nikki Tait in New York

PAN AM, the ailing US [illegible] which filed for bankruptcy pro[illegible] in January, yesterday announced the sale of its main remaining European assets and the [illegible] shuttle operation in the US to Delta Airlines.

Delta, the third-largest US airline, will pay [illegible] for the pack[illegible] and provide [illegible] with [illegible] of debtor-in-possession (DIP) financing. Essentially, this is new loans which rank [illegible] the [illegible] the creditors' queue.

The purchase will significantly enhance Delta's presence in Europe. The assets which would be transferred under yesterday's deal with Delta include:

- Pan Am's New York-Europe routes, its Miami-London routes, [illegible] routes;
- The Frankfurt operations, where Pan Am has a hub airport;
- The Pan Am shuttle, which flies between Boston, New York and Washington DC.

The deal, which has been agreed in principle, is still subject [illegible] various approvals. It cov[illegible] about one-fifth of Pan Am's already shrunken flight capacity. If the deal goes through, it would [illegible] Pan [illegible] with its Miami hub operation, its Latin American/Caribbean [illegible] and some domestic flights.

The Latin American operations, ho[illegible]ver, have already been eyed by United Airlines. The Chicago-based carrier — which, along with American, [illegible] industry leader — this week put in a formal proposal to buy this business, the transatlan[illegible] from Miami [illegible] York-Paris [illegible].

Yesterday morning, United declined [illegible] on [illegible] impact of the Delta sale on its own offer. Pan Am would [illegible] be drawn on whether it planned [illegible] sell the Latin American operations, but it did confirm that it was in [illegible] with United.

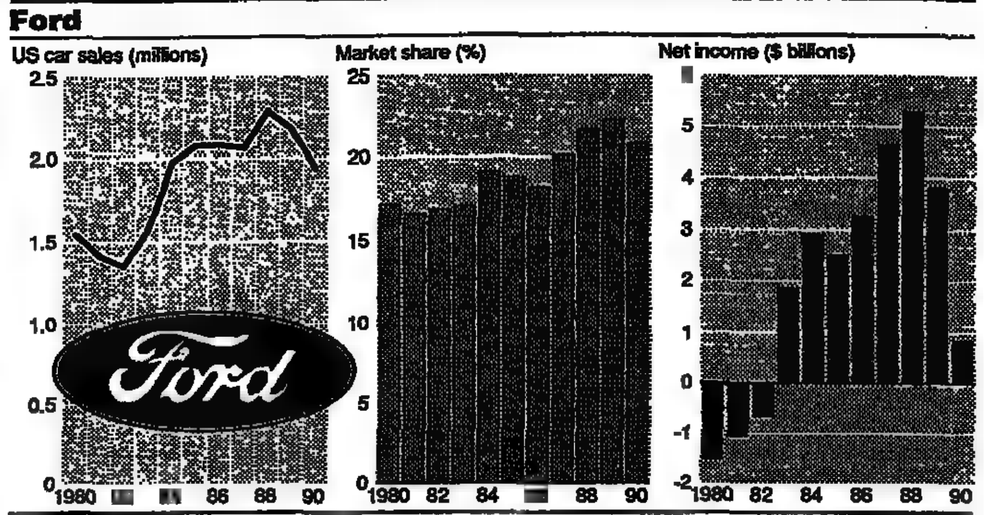
Delta said it would honour tickets [illegible] by Pan Am on [illegible] acquired routes, and on certain others, for travel until February 1, 1992. It would [illegible] on 6,000 of Pan Am's 22,500 employ[illegible].

Delta said Frankfurt would probably become the hub for its operations in Germany. The airline is [illegible] largest US carrier fly[illegible] into that country.

Neither Pan Am nor Delta would speculate [illegible] an [illegible] date [illegible] completing the deal, which will need bankruptcy court and Department of Transportation approval. Pan Am suggested, however, [illegible] could be "well into [illegible] autumn".

Ford revs its engines to win the race for market share

Martin Dickson examines moves by the outstanding success story of the 80s to stay ahead in the 90s



A SURPRISE awaited Mr Allan Gilmour one recent Monday morning when he looked down from his office at the Ford Motor Company's Detroit headquarters to the car park below: over the weekend, part of the lot had been resurfaced with a [illegible] patch of tarmac. And Mr Gilmour, who heads Ford's automotive operations, wanted to know why.

When the world's second largest motor manufacturer is struggling to cut costs, car park beautification would seem a rather [illegible] luxury. In the event, Mr Gilmour, often tipped as a potential Ford chief executive, was persuaded by company officials that the repairs were cost-effective. But the fact that he turned his attention to such a minor matter is a telling example of the belt-tightening at Ford as it battles with the worst US economic downturn in a decade.

This month, the company, along with Detroit rivals General Motors and Chrysler, is expected to unveil heavy second-quarter losses.

Ford's difficulties are in many respects less severe than those facing Chrysler, the smallest of the Big Three, which has little room for financial manoeuvre, or General Motors, the largest, which still has much plant modernisation to carry out and huge overhead costs to cut.

For Ford was the outstanding US vehicle success story of the 1980s. At the start of that decade, it was financially so stretched that its survival was in doubt. But it took a gamble on some dramatically different new models – the Taurus and Mercury Sable mid-range cars – which proved extremely popular, and invested heavily in plant modernisation. It turned itself into the world's most profitable vehicle group, and saw its US car market share soar from [illegible] per cent in [illegible] to 22.3 per cent in [illegible].

Now, however, critics are asking whether it has lost a little of its competitive edge. For, in 1990, its share of the US market dropped to [illegible] per cent, and in the first five months of this year the total was down to 20.1 per cent. General Motors, by contrast, seemed to have stemmed its long slide, at least temporarily, with its market share bouncing around between 35 and 36 per cent.

Wall Street critics say Ford's sales have been slipping because it failed to invest sufficiently in new models and power trains (engines and transmissions) in the second half of the 1980s, making its product range relatively old, while its [illegible] more cautious.

There have been some recent US successes, notably the Ford Explorer, which has captured a big slice of the sports utility vehicle market. But, last year, Ford suffered poor launches in both the US and Europe for revamped models of its [illegible] family car.

Its product cycle – the time needed to take a car from drawing board to market place – is also [illegible] relatively long. Mr Gilmour takes issue with this, maintaining it is difficult to correlate market share ups and downs directly to the age of a product and that the company has made many changes to its vehicles in recent years. This autumn will bring a particularly heavy revamping of the North American model range, which he maintains will improve market share.

But he acknowledges the company needs to accelerate product cycle times in its smaller, sportier model range, where consumer tastes are now changing extremely rapidly. Next spring, it will introduce a radically different version of its sporty Probe sub-compact, but a revamp of the Mustang, a long-time best seller which has been losing market share, is still some way off.

Certainly, Ford is now investing heavily in new model development. Capital investment is currently running at about $7bn a year and the company expects to invest more between now and 1995 than the $26bn it spent over the past five years. By the middle of the decade it will have replaced or redesigned almost all its US product range.

However, maintaining such spending in a recession is far from easy. In the first quarter of this year – which was depressed by the Gulf war – Ford's US assembly plants were running at 65 per cent of capacity. The total climbed to around 85 per cent in the second quarter, and 85 to 90 per cent is likely for the remainder of the year.

At the same time, overcapacity in the North American industry (exacerbated by rising Japanese production in the US) means all manufacturers, including Ford, have been chasing customers by offering price cuts of around $1,000 per vehicle. So Ford lost $947m from its US vehicle operations in the first quarter of this year.

Strong overseas earnings – particularly in Europe – have traditionally helped the company out at times of North American weakness, but Ford's foreign subsidiaries lost $208m in the first quarter.

In Europe, its poor performance contrasts with record profits by General Motors, and stems [illegible] bly from Ford's market-leading position in the depressed UK, where it has also been losing market share. However, Mr Louis Ross, who heads the company's international automotive operations, points out that in continental European markets – particularly Italy – it has been gaining market share.

The overseas results have also been hit by heavy losses at Jaguar, the luxury UK car manufacturer Ford bought for £1.5bn ($2.40bn) in 1989, and more recently by a government price freeze in Brazil.

All these factors, combined with its heavy capital spending programme, suggest the company will have a negative cash flow and a rising level of debt for a considerable time to come. However, the balance sheet remains strong, with debt of $8.2bn at the end of the first quarter, compared with shareholders' equity of $21.4bn and cash and marketable securities of $6.1bn.

But the recession has forced Ford, in common with its rivals, to cut costs. The company says it is on target with a plan to cut $3bn by the end of this year. Initiatives range from early retirement packages for some 1,400 salaried staff, suspending company contributions to a workers' savings plan, and insisting all employees fly tourist rather than business class on company business. "We are literally going through how many telephones we have," says Mr Gilmour.

All this should make the group more competitive as it emerges from recession. Experts estimate it has by far the most efficient North American plants of the the Big Three – virtually on a par with Japanese facilities in the US.

Despite recession, Ford's underlying financial and manufacturing strengths are not seriously in doubt. What is in question is whether it can recreate the product excitement which made it so successful in the 1980s in the far more competitive 1990s.

UK television group bids £55m to keep franchise

By Raymond Snoddy in London

TVS Entertainment, the south of England television company, has bid the astonishingly high figure of £55m ($88m) to retain its commercial television franchise.

The size of the bid submitted to the Independent Television Commission in May will be revealed to shareholders in a circular next month about the restructuring of the company designed to bring in new shareholders, Time Warner of the US and Lord Rothermere's Associated Newspapers.

The TVS bid is believed to be more than £20m larger than that of its nearest rival.

The bids of the three contenders for the franchise – MAI's Meridian, Carlton Communications and the Richard Branson/David Frost CPT-TV consortium – are all believed to be in the £20m [illegible] range.

The TVS bid does not include the percentage of advertising revenue that commercial television companies pay to the government. Holders of the southern franchise pay 11 per cent of their net advertising revenue.

On current figures, this would mean TVS would have to pay around £75m a year.

Applicants have to pass a quality threshold which includes quality of programmes and business plans before the bids are considered.

Rivals said yesterday that if the Independent Television Commission allowed the TVS bid past the quality threshold they would consider going for a judicial review.

"It's crazy. Such a bid is not sustainable," said a rival who asked not to be named.

On one computer model the £55m bid and the TVS assumption of 5.5 per cent real growth in advertising a year suggested that TVS would lose money for three years and not be in cumulative profit for nine years.

TVS, however, is optimistic its bid will be viable and profitable.

The [illegible] per cent revenue growth figure, widely seen as optimistic, is the forecast of National Economic Research Associates the consultants, and the business plan has been checked by TVS financial advisers J. Henry Schroder Wagg, the UK merchant bank.

TVS plans to take £25m a year out of costs, partly by transferring its network productions on its Southampton studios.

The £55m bid is stated in 1991 prices although the new franchises do not begin until 1993. An estimated 10 per cent inflation [illegible] now and then and a hoped-for turnaround in advertising revenue will, TVS hopes, reduce the impact of the bid which is also tax deductible.

If TVS loses its franchise, its shareholders would lose virtually everything.

Guinness to buy Kentucky liquor group

By Andrew Bolger in London

GUINNESS, the UK drinks group, will expand its US portfolio of spirits brands by acquiring Glenmore Distilleries of Louisville, Kentucky, in an agreed deal worth $161m.

Glenmore markets Scoresby Scotch whisky, Ezra Brooks and Old Kentucky Tavern bourbons, and [illegible]ann's gin and [illegible].

It will be a wholly-owned subsidiary of United Distillers, Guinness's spirits company.

United Distillers already has brands in the US such as Dewar's and Johnnie Walker Scotch, Tanquery gin and vodka and Gordon's gin and vodka.

The deal will increase United Distillers' share of the US white and brown spirits markets from 8 to 13 per cent, making it the third largest US spirits business.

Holders of 90 per cent of Glenmore stock, entitled to vote have approved the deal and no further approvals are necessary. Stockholders will receive $42.50 per share in cash – valuing Glenmore at $103m. Glenmore has borrowings of $58m.

A Guinness spokesperson said the acquisition would not dilute group earnings. In the year to June 30 1990, Glenmore made net income of $5.7m on sales of $374m, and had tangible net assets of $71m.

Mr Tony Greener, managing director of United Distillers, said: "This merger will add further strength to our North American business, particularly in providing complementary opportunities to match consumer demand across the price and [illegible] range, and in different geographic areas.

"It will strengthen our international brand portfolio and [illegible] to the further successful development of our export markets for bourbon."

Bolloré offers FFr1.1bn for rest of CFDV

By William Dawkins in Paris

THE Bolloré group, the transport and industrial conglomerate, yesterday offered to buy out for FFr1.1bn ($179m) the minority partners in Compagnie Financière Delmas-Vieljeux (CFDV) the leading shipping group.

Bolloré's offer, valuing the group at FFr4.44bn, was triggered by a landmark French stock exchange ruling that it had acted in concert with two other investors to try to gain control and must therefore make a full bid.

The stock exchange authorities have given their agreement to the offer, said Bolloré.

The stock exchange council ruled earlier this month that Bolloré had taken 59 per cent control of the shipping group in concert with Clinvest, the merchant banking arm of the Crédit Lyonnais group and Compagnie Privée El Rabha, a holding company grouping members of the Vieljeux family disillusioned with the former management.

Bolloré is offering to pay FFr3,948.50 per share for the CFDV shares still in the market, which would cost it FFr222m.

This is slightly less than the FFr4,000 offered to the first group of investors to sell to Bolloré, a difference which drew criticism from stockbrokers.

"I don't see why the minority shareholders should be offered less," said Mr Piers Butler, head of [illegible] at Enskilda Securities.

On top of this, Bolloré is offering FFr1,500 per share for the outstanding equity in Delmas, the listed operating company which is 73 per cent controlled by Delmas-Vieljeux. That would cost it an estimated FFr900m.

New French rules on takeovers were introduced last year, including a definition of what constitutes a concert party action.

Since then, only a few bids have been set off in this way, as a result of which the stock exchange has been criticised for too often allowing special dispensation to escape this costly obligation.

However, the authorities forced retailer Galeries Lafayette to make a full bid for Nouvelles Galeries, another retailing group, last April, signalling the tougher approach which has now been applied to Bolloré.

Banks agree Brent Walker deal

By Maggie Urry in London

BRENT Walker, the heavily borrowed leisure group, took an important step towards completing its £1.3bn ($2bn) financial restructuring yesterday when Barclays Bank and Allied Irish Banks both agreed to the plan.

Bankers said there were now only a few banks left of the 47-bank syndicate which needed to approve the refinancing. One still undecided is thought to be Dresdner, the German bank.

Others are understood to be relatively small banks and are expected to follow the lead of the larger ones.

A banker said yesterday: "The champagne cork is beginning to be eased out of the bottle".

Brent Walker has been struggling to gain approval for the restructuring from its banks for some weeks now.

Without the banks' consent to the plan the company would have to go into receivership.

While the group and its advisers are able to see daily progress towards the plan's approval it can justify continuing trading, although it is technically insolvent.

However, bankers had warned that time was running out and the coming weekend was seen as a crucial deadline.

Last Friday, the process appeared to have reached a crunch point when the group [illegible] it could not proceed with revised proposals agreed with holders of Brent Walker's £101.9m convertible bonds.

Banks had objected to the bondholders receiving £73.2m of secured loan stock as part of the deal, which would have ranked them above the equity into which banks are swapping £250m of Brent Walker's debt.

The group is now working on improving the original proposals put to bondholders, which did not give them any security, but without angering the banks again.

One adviser to the company said that if all the banks agree to the restructuring, the pressure will be on bondholders to accept terms otherwise they will be seen to be jeopardising the group's survival.

The refinancing plan involves Brent Walker's 47 banks converting £250m of their £970m of debt into equity, and taking an 11.5 per cent interest rate on the rest, with interest payments likely to be rolled up or converted into equity, which could eventually raise the banks' equity to £400m.

William Hill, Brent Walker's bookmaking business, has another £350m of debt which will be partly repaid as the group makes disposals.

Brent Walker aims to cut back to its cash generative businesses of pubs and betting shops.

While the restructuring is undecided Brent Walker cannot go ahead with other plans, such as an expected deal to add to its pub business.

If and when the plan is approved by the banks Brent Walker has to gain approval from bond and shareholders.

Meetings are expected to be held in August.

Daimler arm signs satellite pact

By William Dawkins in Paris

DEUTSCHE Aerospace, the aerospace arm of Daimler-Benz, the German industrial group, has struck a satellite technology co-operation agreement with its French and Italian counterparts.

It covers joint satellite design, development and marketing between Deutsche Aerospace, Aérospatiale of France; Alcatel Espace, the space division of the similarly named French telecommunications group; and Alenia, the Italian aerospace and defence group.

This follows the French and Italian partners' agreement to pool their satellite development and marketing activities in March. Deutsche Aerospace's arrival, announced yesterday by Aérospatiale, considerably strengthens the Franco-Italian [illegible] and is the latest in a series of international alliances across the world satellite industry.

Separately, Deutsche Aerospace is negotiating to join the new partners as an investor in Space Systems/Loral, the US European producer of communications and weather satellites.

The French and Italian partners paid $189m last April for a 49 per cent stake in Space/Systems Loral, formerly part of Ford Aerospace. This brought together one of the world's biggest civil communications and weather satellites groupings, with 7,800 employees and $1.5bn of joint annual sales.

Bayer and BASF to invest in the east

By David Marsh in Bonn

BAYER and BASF, two leading German chemicals groups, yesterday announced big investments in east Germany, which will bolster the faltering chemical industry there.

In the largest deal, Bayer – which so far has been hesitant about capital spending in the east of the country – said it will invest DM500m ($273m) in the next five years on plants in the Bitterfeld region near Halle.

BASF said it will spend DM86m on a water-based car-paint plant at its Schwarzheide chemicals operation in the east. It switched investment from Würzburg in west Germany after regional government [illegible] in east Germany [illegible] more [illegible] allowances.

The Bayer proposal adds up to an important symbolic breakthrough for the hard-hit Bitterfeld-Wolfen region, traditional home of the oldest east German chemical plants.

Bayer said however that only 500 jobs would be created on a 20-acre site, where projects to build plants for polymers, industrial chemicals and consumer products were under discussion.

The German government and the Treuhand state holding company have both given backing lately to securing the long-term presence of the chemical industry in the Halle region. It has been clear for more than a year however that tens of thousands of chemicals jobs would be lost in the process.

The Bayer plan is to build the Bitterfeld plants as part of an industrial park which is designed to attract a range of new industries and service sectors to the area.

Bayer's Agfa subsidiary plans to spend DM20m on a plant developing and producing laboratory instruments in Gera in the southern part of eastern Germany.

Shimano climbs 63%

By Emiko Terazono in Tokyo

SHIMANO, the Japanese bicycle-maker, announced that non-consolidated pre-tax profits for the six months to May had jumped 48.8 per cent from the corresponding 1990 period to Y7.1bn ($51.4m).

Overall sales also grew 26.8 per cent to Y83.3bn, due to a sharp rise in orders for bicycle parts and fishing tackle. After-tax profits rose by 63.3 per cent to Y3.5bn.

The mountain bike boom in both domestic and overseas markets helped bicycle parts exports, which accounted for 70 per cent of total sales. Sales to Europe and Taiwan pushed exports up by 32.3 per cent to Y60.5bn.

For the year to the end of November, Shimano expects a 53.5 per cent rise in pre-tax profits to Y14bn on a 15 per cent rise in sales to Y160bn.

The company said the projections had been revised down because demand in the US and Europe during the second half was expected to be weaker than initially forecast.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Brierley sells BIL stock after conflict

By Terry Hall in Wellington

SIR Ron Brierley has sold about [illegible] shares in Brierley Investments (BIL), the [illegible] Zealand-based investment and trading company [illegible] founded 30 years ago.

He [illegible] the action after what he said was "a considered evaluation that the stock was not performing".

Sir Ron was ousted as chairman of the company in a boardroom tussle [illegible] 1988.

The shares, which were sold to the Singapore government, represent about a third of Sir Ron's holding, or 1.5 per cent of BIL's capital.

Sir Ron said in London last night that his mind was open on whether he should sell further shares. He said there was no pressure to sell and he did not wish to commit himself.

Asked if his decision was influenced by his differences of opinion with the present chairman, Mr Bruce Hancox, and the chief executive, Mr Paul Collins, over the direction of BIL, Sir Ron said: "Yes, the differences between Paul, Bruce and I have been a factor."

He pointed out thatthe shares had not performed as well in the past two years as they had in earlier years. "It used to be automatic for BIL shares to go up each year."

Sir Ron said he had sold the stake for "less than the shares were worth", but declined to comment on reports that he had been paid $1.25 a share in the arrangement that had apparently been made in May with the Singapore government.

This followed the Singapore government agency, Temasek Holdings, buying 30 per cent of Mount Charlotte, the UK hotel group, from BIL and acquiring 4.7 per cent of BIL's capital.

As part of the agreement, Temasek was to buy further BIL shares on the market, and on Tuesday it announced it had increased its holding to 6.6 per cent by buying another 28m shares. Yesterday Mr Hancox confirmed that most of these shares had been sold by Sir Ron Brierley.

Mr [illegible] he had approached Sir Ron with an offer from Singapore to buy the shares after learning that Sir Ron might [illegible] some. Mr Hancox said that Sir Ron had wanted to raise [illegible] NZ$13m (US$7.3m) and [illegible] to buy a 10 per cent stake in GPG, the UK-based entrepre[illegible] investment [illegible] linked to BIL.

Mr Hancox added that he believed Sir Ron still had some 50m shares in BIL under various nominee names. Sir Ron is not required to disclose the sale under present New Zealand laws.

European unit blamed [illegible] TNT further downgraded

By Mark Westfield in Sydney

TROUBLED Australian transport group TNT suffered another blow yesterday when the credit [illegible] Australian Ratings downgraded [illegible] debt rating four notches to B plus from BBB minus.

The ratings company said "higher-than-anticipated volume and margin [illegible]uctions in key markets and continuing difficulties in gaining quality revenue to underpin the viability of TNT Express Europe" were responsible for [illegible] downgrading. TNT shares closed 2 cents down at [illegible] cents.

The downgrading was the second for TNT [illegible] a further headache for [illegible] chief executive, Sir Peter Abeles. It was dropped from BBB plus to BBB minus in January. The agency regards BBB and above [illegible] investment quality.

TNT's biggest problem was identified [illegible] European Express business, which [illegible] being squeezed by competition and high interest costs associated with [illegible] A$750m (US$573m) start-up [illegible]. The agency said the business needed "some form of joint [illegible] arrangement".

The [illegible] the [illegible] associated [illegible] TNT's aircraft-leasing joint [illegible] with News Corporation – Ansett Worldwide [illegible] (AWAS) – had been heightened by the recent filing [illegible] bankruptcy protection of [illegible] biggest client, [illegible] Airlines. America West has 11 aircraft on lease. The airline paid AWAS US$2.35m a month, but last month sought to suspend payments.

Peter [illegible]: fall of [illegible] biggest client added to woes

Although AWAS faces problems related mainly [illegible] the poor [illegible] secondhand aircraft market, the agency said it should [illegible] able [illegible].

TNT is [illegible] its Ansett and East West Airlines businesses [illegible] Australia following deregulation nine months ago. Ansett, also jointly [illegible]ed [illegible] News Corporation, had net gearing of [illegible] per [illegible] 30. [illegible] has [illegible] 20 per [illegible] stake [illegible].

The agency [illegible] that TNT's ability [illegible] further equity capital was in [illegible] since [illegible] collapse of its share price after it placed [illegible] April [illegible] A$1.50 [illegible]. The [illegible] said TNT's "financial flexibility and ratings outlook will remain negative until structural improvements are evidenced".

Debt protection levels were now "less than adequate", according to Australian Ratings.

Other key areas in the transport group's operations which triggered the downgrading included the fact that it had suffered a significant downturn in operating earnings due [illegible] recession in Australia, the US and Europe, with earnings only breaking even in the year to end-June 1991.

The agency said TNT "barely covers cash funding commitments" compared with [illegible] times [illegible] in the 1990 year.

The [illegible] estimated that TNT had an accumulated funding efficiency of A$657m over the last four years, which had contributed to its "highly leveraged capital structure". Its net debt to equity ratio has risen in [illegible] 12 months [illegible] 240 per cent.

Australian Ratings [illegible] it believed TNT's financial flexibility [illegible] jeopardised by [illegible] short-term [illegible] maturity profile, with A$600m in borrowings maturing this financial year. This is mostly [illegible] by liquid [illegible] and undrawn facilities of A$520m. [illegible] said TNT might [illegible] difficulty renegotiating a [illegible] Euronote facility it wanted [illegible] extend [illegible] medium-term maturity.

The [illegible] added [illegible] meaningful [illegible] reduction by the group appeared to rely on asset sales. TNT's management has told Australian Ratings it will sell A$250m to A$300m in assets this year.

Net interest income lifts JP Morgan to $231m

By Patrick Harverson in New York

BIG increases in net interest revenue and operational [illegible]vice fees during the second quarter [illegible] a boost to J.P. Morgan, the New York banking group, which yesterday unveiled profits [illegible] $231m for the April to June period.

The earnings, which translate into $1.17 [illegible] share, were 12 per cent higher than the $207m, or $1.06 [illegible] share, reported in the [illegible] quarter [illegible] 1990.

Yesterday's figures did [illegible] match the [illegible] earned by [illegible] bank in the first three months of this year. However, the first quarter was an exceptionally profitable period for [illegible] Street investment banks because of the sharp rise in US [illegible] prices [illegible] trading volumes.

The second-quarter results from J.P. Morgan were in line with market expectations.

[illegible] bank reported [illegible] for the quarter [illegible] $354m, a rise of 25 per cent on [illegible] year [illegible]. The gain was [illegible] because of lower short-term dollar interest [illegible] a steepening in [illegible] dollar yield [illegible].

Operational service [illegible] another [illegible] for the group, bringing in [illegible] of $95m on J.P. Morgan's clearing, custody [illegible] corporate trust services.

Trading revenues were also strong at $269m, up [illegible] per cent on the second quarter of 1990 but well down on the $461m gained during the mini-bull market of the first quarter.

Diversified gains from [illegible]ing LDC (less developed countries) [illegible] and [illegible], and from US and foreign debt/equity securities, made up for [illegible] decline in earnings on foreign exchange [illegible] during the April to June period.

Corporate finance [illegible] slipped to $57m for the quarter, while operating expenses rose 14 per cent to $585m, largely because of higher occupancy and incentive compensation costs.

Sir Dennis Weatherstone, the British chairman of J.P. Morgan, said: "The quarter's results reflected good performance across all of our business activities, despite a weak economic climate."

Sir Dennis drew particular attention [illegible] the group's success [illegible] building its [illegible] and [illegible] underwriting [illegible], especially in the US, in recent months.

■ WACHOVIA, the [illegible] US banking [illegible] which [illegible] month bought South [illegible] National Bank for $830m, yesterday reported second-quarter income of $79.5m, or $1.12 a share.

Bund prices take heart from firm US Treasuries

By Sara Webb in London and Patrick Harverson [illegible] New York

THE BUNDESBANK council's decision to leave key interest rates unchanged yesterday disappointed [illegible] German government bond market. However, the firm US Treasury market helped to lift bund prices in the afternoon, [illegible] they recovered some of their earlier losses.

The Bundesbank council's [illegible] to [illegible] the [illegible] rate [illegible] per cent and [illegible] Lombard rate at [illegible] per [illegible] some traders expressing concern that the central bank is not taking a tough enough line on inflation.

However, others pointed out that the central bank's decision to revise its 1991 target for M3 money supply growth, setting a new target of 3 per cent [illegible] 5 per cent, down from the target of [illegible] per cent to [illegible] per cent [illegible] late last [illegible] over inflation.

Yesterday's Bundesbank meeting is the last before [illegible] central bank's five-week summer break, though traders point out that the Bundesbank is free to raise interest rates [illegible] its [illegible] meeting.

Bund prices were helped by [illegible] firm US Treasury bond market following news that US jobless claims had fallen at the end of June. The Liffe bund futures contract opened at 84.63, falling to 84.38 before the Bundesbank announcement, then recovering to reach 84.50 by late afternoon.

Traders noted heavy buying of French government bonds yesterday as there is specula[illegible] the French [illegible] bank may decide to cut interest rates now that the threat of a German interest rate increase has diminished.

The French OAT futures contract opened at 104.84, reaching a high of 105.24 by [illegible] afternoon.

■ THE UK government bond market rose yesterday on hopes of a base [illegible] today following [illegible] decision to leave German inter[illegible].

Traders [illegible] that if [illegible] Bundesbank had raised inter[illegible] yesterday it co[illegible] have blocked [illegible] for [illegible] Bank of England to cut the base rate. The gilt market has been expecting a cut this week in view of recent economic data which shows that inflation is falling. The Retail Prices Index, which is to be released today, is expected to show a fall in inflation.

The short end of the gilt market has already discounted [illegible] half percentage point cut. [illegible] benchmark 11¾ [illegible] gilt opened at 109$\frac{28}{32}$ and traded at 110$\frac{1}{32}$ by late afternoon.

■ JAPANESE government bond prices barely moved and volumes [illegible] very low in Tokyo due [illegible] that the Big Four [illegible] houses [illegible] in [illegible] activities [illegible] four days. The [illegible] a punishment [illegible] compensating certain clients [illegible] trading [illegible].

The yield on the benchmark [illegible] 129 [illegible] between [illegible] and 6.785 per cent while the September futures contract opened at [illegible] and [illegible] at [illegible].

■ THE reappointment of Mr Alan Greenspan as chairman of the Federal Reserve helped boost bond prices in the US yesterday morning in the face of an unexpectedly big fall in jobless claims.

By midday, the benchmark 30-year government bond was up [illegible] at 96, yielding 8.488 per cent. [illegible] two-year note [illegible] also firmer, up [illegible] at 100[illegible], to yield 6.895 per cent.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	[illegible]	[illegible]	Yield	[illegible] ago	Month ago
[illegible]		12.000	11/01	[illegible]	[illegible]	11.17	11.07	11.08
[illegible]		[illegible]	08/00	103.5000	-	9.40	[illegible]	9.21
CANADA *		9.750	06/01	[illegible]	[illegible]	[illegible]	9.98	[illegible]
DENMARK		9.000	11/00	98.2000	+0.275	9.28	[illegible]	9.17
FRANCE	BTAN	9.000	02/96	[illegible]	[illegible]	[illegible]	9.31	9.11
	OAT	[illegible]	[illegible]	[illegible]	+0.110	[illegible]	[illegible]	9.07
GERMANY		8.375	05/01	98.8800	-0.050	8.54	8.52	8.35
ITALY		12.500	03/01	98.4200	+0.060	13.19	13.35	13.03
JAPAN	No 119	4.800	06/99	87.7984	-	7.22	7.24	7.23
	No 129	6.400	03/00	[illegible]	[illegible]	6.78	6.80	[illegible]
NETHERLANDS		8.500	[illegible]	[illegible]	[illegible]	8.79	8.79	8.64
SPAIN		11.900	07/96	[illegible]	[illegible]	[illegible]	11.94	[illegible]
UK [illegible]		[illegible]	11/96	[illegible]	[illegible]	[illegible]	10.30	10.37
		[illegible]	[illegible]	98-24	+08/32	10.20	10.31	10.47
		9.000	10/08	92-05	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] *		8.000	05/01	[illegible]	[illegible]	8.32	[illegible]	[illegible]
		[illegible]	05/21	96-00	[illegible]	8.49	[illegible]	[illegible]

London closing. *denotes New York morning session. Yields: Local market [illegible]. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Low prices push Alcan into red

ALCAN ALUMINIUM posted [illegible] loss in the [illegible] quarter [illegible] depressed [illegible] ingot and fabricated products prices, writes Robert Gibbens in Montreal.

Shipments of ingots rose [illegible] per cent, but average realised prices were down nearly 14 per cent.

Mr David Morton, chairman, said continuing surplus world production in the face of slug[illegible] keeping prices depressed, but "[illegible] of recovery are beginning [illegible] appear in some markets".

Alcan reported a loss of US$5m, or [illegible] cents a share, for the June quarter, after [illegible] cents a share in special charges, compared with [illegible] profit of US$84m, or 35 cents a share, a year earlier.

Revenues [illegible] US$2bn [illegible] US$2.17bn and shipments of ingot and fabricated products totalled [illegible] tonnes against 581,000 [illegible].

Alcan also reported a small loss in the first quarter. For the first half this year, the loss was US$6m, or 7 cents a share, against a profit of US$256m, or [illegible] a [illegible] earlier, including special gains of 28 cents a share. Revenues [illegible] US$3.96bn against US$4.27bn.

Alcan's Brazilian subsidiary posted [illegible] loss of US$38m in the [illegible] quarter against [illegible] North [illegible] operations returned to profitability in the second quarter, but were still below the year earlier level. Pacific area earnings were reduced because of problems in Australia.

NEWS IN BRIEF

Pathe sues bank

Pathe Communications [illegible]ration, the parent company of the MGM film studios formerly chaired by Mr Giancarlo Parretti, the Italian financier, [illegible] filed a suit in the Los Angeles court against Crédit Lyonnais, writes Nikki Tait in New [illegible].

The French bank, which provided loan backing for Mr Par[illegible] last year, has been fighting to [illegible] Mr Parretti from Pathe's parent company and MGM's affairs.

The action charges the bank with "undermining Pathe's acquisition of MGM/UA . . . through a systematic [illegible] of misrepresentation, coercion and reneging on lending commitments".

CPC disappoints

CPC International has reported weaker-than-expected second-quarter earnings, Reuter reports from New York.

The international food processor repor[illegible] earnings of $103.8m, or $[illegible] a share, up from the year-ago figure of $1.28 a share, on sales of $1.63bn.

CPC shares tumbled [illegible] to $82¼ before the close.

CPC reported first-half net income of $187.1m, or $2.41 a share, on sales of $3.16bn.

HK tightens law on insider trading

HONG KONG will formally implement [illegible] tough [illegible] law against insider trading which imposes strict penalties on offenders, Reuter reports from Hong Kong.

The Securities (Insider Dealing) Ordinance will be published today and will take effect on September 1, a government spokesman said.

Under the law, anyone found guilty of insider trading will be disqualified from directorship or management of any company for up to five years.

Previously, the [illegible] insider trading tribunal only had the power to find a [illegible] guilty of [illegible] trading and publish its findings, but not to impose sanctions.

The law stipulates that those found guilty will have [illegible] surrender any profit made or pay the sum of losses avoided, as well as pay [illegible] fine of up to three times the [illegible] of such profits or losses.

It also [illegible] the definition of insider dealing to include those who are contemplating [illegible] bid and who make an offer of inside [illegible].

The law previously covered only those who knowingly received and made [illegible] of inside information. Since [illegible] 1987 world stock markets crash highlighted structural flaws in the local bourse, Hong Kong has been tightening trading laws to bring the stock market into line with [illegible] practice.

■ [illegible] has completed the forced con[illegible] of all its outstanding preference shares. A total of 182m ordinary shares, equivalent to [illegible] per [illegible] of the [illegible] capital, were issued [illegible] result of the conversion.

Normandy Poseidon gains cash for new acquisitions

AUSTRALIA's Normandy Poseidon mining group is in a strong position to shop for acquisitions following the sale of its 12 per cent holding in Newcrest Mining for A$146m (US$112m). The price is about A$20m less than Poseidon paid for the stake last August, writes Mark Westfield in Sydney.

[illegible] suffered a significant setback [illegible] ago when the federal government re[illegible] its bid [illegible] mine the rich Coronation Hill gold and palladium deposit on the grounds that it would offend the religious beliefs of local Aborigines.

Poseidon had paid the equivalent of A$1.25 a share [illegible] its [illegible] in Newcrest, but received only A$1.10 a share when [illegible] sold them through Melbourne [illegible] J B Were & Son.

Newcrest shares were trading [illegible] A$1.15 on the Australian Stock Exchange yesterday, down from Wednesday's close of A$1.22.

Newmont Australia and BHP Gold merged [illegible] to form Newcrest, thwarting in the process plans by Normandy Poseidon [illegible] try to gain control of Newmont Australia.

Normandy's stake sale this week has rekindled speculation that it will [illegible] the proceeds to buy control of ACM, the diversified mining house, [illegible] Pancontinental Mining.

ACM owns 48 per cent of ACM Gold, which in turn controls 49.5 per cent of North Flinders Mines. It also has 75 per cent of Comada Energy, the oil and gas concern.

ACM [illegible] per [illegible] owned by AFP Group, a UK-listed and Monaco-based company which [illegible] understood [illegible] be interested in selling the [illegible].

Pancontinental suffered a setback recently when the Australian government declined to liberalise its strict uranium mining policy, thereby preventing [illegible] company from developing its rich Jabiluka ore deposits. As a result, Pancontinental last week sold its [illegible] per cent interest in Jabiluka to Energy Resources of Australia, a North Broken Hill subsidiary, for A$125m.

Pancontinental has been struggling in the market recently, closing [illegible] 60 cents, well below its high of around A$2 last year.

The company [illegible] an attractive takeover target. It owns the 100,000-ounce-a-year Paddington gold mine in [illegible]. In Queensland, it has half shares in the Thalanga and Lady Loretta base metals mines, plus 40 per [illegible] the Kunwarra magnesia project.

Anglo gains coveted Australian springboard

Kenneth Gooding reports on the South African group's chosen vehicle for expansion

ANGLO American Corporation [illegible] South Africa, the mining and industrial giant, [illegible] been given permission by [illegible]lia's Foreign Investment Board (FIB) to raise its stake in the newly-merged Normandy Poseidon [illegible] group to 19.9 per [illegible].

This is the clearest indication yet that Anglo, South Africa's biggest corporation, has chosen Normandy [illegible]don as its vehicle for expansion in Australia and that the Australian government will not [illegible] international poli[illegible] get in the way of those plans.

Some analysts suggest the move could have important implications for Australia's resource industries as a whole. "Anglo has established an amazing springboard into the centre [illegible] the Australian resource industry," [illegible] Mr David Sheridan, of James Capel Australia. "Its undoubted worldwide mining skills and huge capital resources could really make a mark in Australia."

Anglo says it owns [illegible] per cent of Normandy Poseidon but has no present plans [illegible] increase [illegible] stake, even though it [illegible] FIB permission to do so.

However, there is another large shareholder in Normandy Poseidon which intends to sell when the time is ripe. TNT, the financially-strapped Australian transport and distribution group, owns 20 per cent, worth about A$100m (US$76.9m). That stake might provide a useful starting point for another predator, if it were not [illegible] Anglo's looming presence and the near-certainty that the South African group would [illegible] any bid.

Anglo tried for 30 years – with conspicuous failure – to gain a [illegible] foothold in resources-rich Australia. In 1987, [illegible] changed tack and merged its Australian offshoot, Anglo [illegible] Pacific, [illegible] Poseidon. This was believed to be the first take[illegible] of an Anglo company.

[illegible] 1985, Poseidon [illegible] controlled by Mr Robert Champion de Crespigny who gave up his accountancy practice to build up a mining and exploration group.

Subsequently, Mr de Crespigny has been haunted by rumours that Anglo and [illegible] friends provided him with [illegible] initial cash [illegible] his empire and so [illegible] Anglo's interests on a continent where South African investors [illegible] particularly [illegible].

Mr de Crespigny says he can easily disprove this theory by taking any[illegible] who is interested through [illegible] equity "trail" he followed when building up his group. He points out that, during a bid battle with the TNT group over Poseidon, his rival dropped similar allegations once [illegible] relevant papers had [illegible] produced.

De Crespigny: Anglo has been a 'great partner'

He [illegible] Anglo [illegible] been "an excellent partner and great supporter" and that his company has [illegible] very good technical support agreement with the South African group. He points out, however, that Anglo has no representative on the Normandy Poseidon board and has never asked for one. (Analysts suggest that [illegible] groups probably felt that the Australian authorities might have made [illegible] director with close South African connections unwelcome).

Until recently, Mr de Crespigny kept control of Poseidon via a 40 per cent stake held by Normandy, his master company which is controlled by his family. However, [illegible] were merged in May into a group with 50 operations in Australia and [illegible] Zealand. It employs 1,800 and has A$750m of assets in gold, diamonds, industrial minerals and oil. The merged group has management control over production of 700,000 ounces of gold a year, of which its share is about 350,000 ounces. [illegible] also has control of about [illegible] of diamonds [illegible] year and owns Australia's biggest industrial [illegible].

Mr [illegible] Crespigny says he decided to push on with the merger earlier than [illegible] observers had expected because he wanted to get the group into [illegible] before the economy began to recover.

The merger should remove market [illegible]cerns [illegible] the group's complex structure and provide more liquidity for the [illegible]mandy Poseidon shares. It should also attract international investors and remove constraints on raising capital.

"Also, I hope it has shown the financial community that we intend [illegible] build a company, not concentrate [illegible] retaining control for my family," Mr de Crespigny says.

The merged group will continue to concentrate solely on Australian [illegible] (with [illegible] exception of the industrial minerals business which also [illegible] operations in the [illegible] East). Mr de Crespigny also insists that the group "wants to control [illegible] own destiny," which means "hands-on" management control of its assets and not being simply a passive investor. This corporate philosophy is identical to that of Minorco, Anglo's Luxembourg-based investment subsidiary.

The 12 [illegible] cent Newcrest Mining stake, sold this week [illegible] A$146m, [illegible] into the short-term "passive investment" category. Normandy Poseidon had bought the shareholding from Newmont of the [illegible] and made a hostile bid for Newmont Australia.

The move triggered the friendly merger between Newmont Australia and BHP's Australian gold operations. The merged company was christened Newcrest.

Normandy Poseidon [illegible] about A$160m cash and A$170m [illegible] short-term investments in addition to the money from the Newcrest sale. As Mr de Crespigny points out, it is now in a position to make a large acquisition, should the opportunity arise.

But it would have [illegible] a very good opportunity. As Mr Michael Hamson, deputy chairman, says cautiously: "There will be no buying spree. Shareholders are not going to gain if you keep buying and buying."

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on July [illegible]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101½	102		7.83
ALBERTA PROVINCE 9 3/8 95	600	103¼	103¾	+⅛	8.45
AUSTRIA 8 1/2 00	400	97⅝	[illegible]	+⅛	8.85
BANK OF TOKYO 8 3/8 96	100	98⅝	[illegible]	+⅛	8.76
BELGIUM 9 1/8 92	400	101¼	101¾	[illegible]	7.93
BFCE 7 3/4 97	150	97⅝	[illegible]	[illegible]	8.28
BNP 8 5/8 94	300	101½	[illegible]	[illegible]	8.09
BP CAPITAL 9 5/8 93	150	102⅝	103⅛		7.83
CANADA 9 96	1000	102⅝	103	+⅛	8.24
CARGO 9 1/4 96	650	99⅞	100⅜		9.27
CCCE 9 1/4 95	300	103¼	103¾	+⅛	8.20
COUNCIL EUROPE 8 96	100	98⅜	98⅞		8.40
CREDIT FONCIER 9 1/2 99	300	103¼	103¾	+⅛	[illegible]
DENMARK 0 98	250	54¼	54¾	-⅛	9.04
DENMARK 8 1/4 94	150	[illegible]	101		8.00
ECSC 8 1/4 96	193	[illegible]	100¼	+⅛	8.29
EEC 7 1/4 93	250	[illegible]	100¼	+⅛	7.38
EIB 7 3/4 96	250	98	98½	+⅛	8.25
EIB 9 1/4 97	1000	102¼	[illegible]		8.75
ELEC DE FRANCE 9 98	200	101½	[illegible]	+⅛	[illegible]
EUROFIMA 9 1/4 96	100	102¼	102¾	+⅛	8.66
EXPORT DEV CORP 9 1/2 98	150	103⅝	104⅛		8.83
FINLAND 7 7/8 97	200	[illegible]	96¼	+⅛	8.74
FINNISH EXPORT 9 3/8 95	200	[illegible]	[illegible]		8.49
FORD MOTOR CREDIT 9 1/2 93	300	102⅞	[illegible]		8.20
GEN ELEC CAPITAL 9 3/8 96	300	102⅞	103⅜	-⅛	8.42
[illegible] 8 96	200	100	100½		9.10
[illegible] 9 1/2 93	200	101½	102	[illegible]	8.42
IBM WORLD TRADE 7 5/8 93	150	99⅝	100⅛	+⅛	[illegible]
IND BK JAPAN FIN 7 7/8 97	200	95⅞	96¼	+⅛	8.80
INTER AMER DEV 7 5/8 96	200	96¼	96¾		[illegible]
ITALY 8 1/2 94	1500	[illegible]	101¼		[illegible]
JAPAN DEV BK 8 94	150	100¼	100¾	+⅛	7.88
KANSAI ELEC PWR 10 96	350	104¼	104¾	+⅛	8.77
LTCB 8 5/8 93	150	101	101½	+⅛	7.91
NEW ZEALAND 8 93	100	[illegible]	101	+⅛	7.70
[illegible] 93	150	103¼	103¾		[illegible]
[illegible] 95	200	103¼	103¾		[illegible]
NORDIC INV BANK 9 93	200	102½	[illegible]		7.59
ONTARIO HYDRO 11 5/8 94	200	107⅞	[illegible]	-⅛	8.39
OSTER KONTROLLBANK 8 1/8 93	200	101	[illegible]		7.43
PETRO-CANADA 7 1/4 96	200	94¼	[illegible]	+⅛	8.61
PRUDENTIAL RLTY SECS 0 99	365.216	50⅝	[illegible]	+⅛	9.63
QUEBEC HYDRO 9 3/4 98	150	102⅝	103⅛	+⅛	9.22
QUEBEC PROV 9 98	200	99	99½		9.19
SAINSBURY 9 1/8 96	150	101¼	102	+⅛	8.80
SAS 10 99	200	99	100		10.17
SBAB 9 1/2 95	500	103⅛	[illegible]		8.43
STATE BK STH AUST 9 1/4 93	100	101⅝	[illegible]	-⅛	8.05
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅛	[illegible]		8.13
SWEDEN 8 1/8 94	150	100¼	[illegible]	+⅛	[illegible]
SWEDISH EXPORT 9 5/8 93	100	103¼	[illegible]	+⅛	7.38
TOKYO METROPOLIS 8 1/4 96	200	99¼	99⅝	+⅛	8.44
WORLD BANK 8 3/8 99	1500	98⅝	98⅞	+⅛	8.79
WORLD BANK 8 3/4 97	1500	101⅝	101⅞	+⅛	8.55
XEROX CORPN 8 3/8 96	100	[illegible]	96¼	+⅛	9.49

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE [illegible] INT 7 94 LFr	600	94½	95¼		9.31
KREDIETCORP 7 [illegible] LFr	1000	95⅝	96⅜		9.26
WORLD BANK 8 96 LFr	1000	96¼	97¼		8.92
[illegible]TA PROVINCE 10 92 C$	500	100¼	[illegible]	-⅛	9.72
[illegible] INC 9 5/8 93 C$	300	99½	[illegible]		10.13
BELL CANADA 10 5/8 99 C$	150	[illegible]	[illegible]	+⅛	[illegible]
BRITISH COLUMBIA 9 1/4 93 C$	150	[illegible]	[illegible]		[illegible]
EIB 10 1/8 98 C$	130	[illegible]	[illegible]		10.40
FORD CREDIT CANADA 10 94 C$	100	[illegible]	98¼	-⅛	10.93
GENERAL ELECT CAP 10 1/4 93 C$	175	100½	101		9.94
MONTREAL TRUSTCO 8 1/2 92 C$	100	98¼	99¼	-⅛	10.59
ONTARIO HYDRO 10 7/8 99 C$	500	99⅜	100	+⅛	10.90
QUEBEC PROV 10 1/2 98 C$	200	97¼	97¾		11.04
ROYAL TRUSTCO 10 1/4 93 C$	[illegible]	99¼	99¾	+⅛	10.68
SWEDEN 9 3/4 93 C$	[illegible]	100	100½		9.71
BELGIUM 9 1/8 96 Ecu	1250	99⅝	[illegible]	+⅛	[illegible]
CNT 7 3/8 93 Ecu	250	95⅝	[illegible]		[illegible]
CREDIT LYONNAIS 9 96 Ecu	[illegible]	[illegible]	98¼	-⅛	10.04
DENMARK 7 5/8 95 Ecu	[illegible]	[illegible]	91½	-⅛	10.11
EEC 7 5/8 94 Ecu	200	[illegible]	96¼	+⅛	9.26
EIB 10 97 Ecu	1125	[illegible]	104¼	+⅛	9.00
ITALY 10 3/4 00 Ecu	1000	[illegible]	108½	+⅛	9.32
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅛	99⅝	+⅛	9.15
BMW FINANCE 14 1/2 92 A$	[illegible]	101½	[illegible]	-⅛	12.16
COUNCIL EUROPE 13 93 A$	[illegible]	101¼	[illegible]		12.20
EKSPORTFINANS 12 3/8 95 A$	75	102⅝	103	-⅛	[illegible]
FORD CRED AUST 13 93 A$	[illegible]	100⅞	101⅜	+⅛	12.44
ICI 15 1/2 92 A$	[illegible]	102⅝	103⅛	-⅛	12.10
MCDONALDS CANADA 15 95 A$	[illegible]	108¼	108¾	-⅛	12.24
NAT AUSTRALIA BANK 14 3/4 94 A$	[illegible]	[illegible]	106¼	+⅛	11.95
STATE BK NSW 14 1/4 99 A$	[illegible]	[illegible]	108½		12.60
VOLKSWAGEN INTL 15 94 A$	100	106⅝	107¼	-⅛	11.99
ABBEY NATL TREAS 13 3/8 95 £	[illegible]	106¼	[illegible]	-⅛	[illegible]
BARCLAYS JERSEY 9 1/2 93 £	[illegible]	97⅝	98		[illegible]
BRITISH GAS 12 3/4 95 £	300	105⅛	[illegible]	+⅛	10.89
DEUTSCHE BK FIN 11 94 £	225	100⅝	101		10.64
EIB 10 97 £	386.5	96¼	97⅛		10.78
FORD CREDIT FUNDING 9 5/8 93 £	50	96¾	97¼		11.71
INTER AMER DEV 11 3/8 95 £	75	102	102½	-⅛	[illegible]
ITALY 10 1/2 14 £	400	93⅞	94¼		[illegible]
LAND SECS 9 1/2 07 £	200	81⅛	81⅞	+⅛	[illegible]
LEEDS PERMANENT 9 1/4 93 £	50	96⅝	97¼		[illegible]
NORWAY 10 1/2 94 £	200	99⅛	99⅝		10.73
ROLLS-ROYCE 9 5/8 93 £	150	97	97½	+⅛	11.40
SAINSBURY 10 7/8 93 £	100	99½	100	-⅛	11.15
SKANDINAVISKA ENSK 13 1/8 99 £	100	105⅛	105⅝	+⅛	11.23
WORLD BANK 11 1/4 95 £	100	101⅞	102⅜		10.65
ABBEY NATIONAL 0 96 NZ$	100	58⅝	59¼	-⅛	10.88
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104⅝	105⅛	+⅛	[illegible]
AIDC 7 7/8 93 FFr	600	96¼	96½	+⅛	[illegible]
CREDIT LYONNAIS 10 95 FFr	3200	101¼	101½	+⅛	[illegible]
EURATOM 7 5/8 98 FFr	[illegible]	[illegible]	93⅛	+⅛	9.21

INTERNATIONAL CAPITAL MARKETS

Stock-lending privileges question close to solution

By Tracy Corrigan

THE ISSUE [illegible] stock-lending privileges, which posed [illegible] barrier to the planned merger [illegible] the London International Financial Futures Exchange (Liffe) and the London Traded Options Market (LTOM), is close to being resolved.

The government has tabled two new clauses to the Finance Bill, empowering the Inland Revenue to extend exemptions to stamp duty and stamp duty reserve tax, and [illegible] provisions.

"We need to be able to take the market-making privileges of LTOM market makers on the stock exchange and transfer them to the new market, while recognising that the structure will be slightly different," said Mr Nick Weinreb, Liffe's deputy market [illegible]tary. A LTOM member who makes a market in equity options needs to [illegible] ready access [illegible] and cover positions. Consequently, market-makers are allowed to borrow stock freely, without paying the 0.5 per cent stamp duty on each transaction.

They are also exempt from bond-washing provisions, designed to catch bond and stock holders exempt from capital gains tax from selling their holdings short and then buy them, to avoid tax on divi[illegible].

Once the Finance Bill is passed, the Inland Revenue will be able to formulate regulations which exempt members of the new merged market.

Liffe is lobbying to persuade the Inland Revenue [illegible] grant these concessions to all principal traders, rather than just to market-makers who have made [illegible] commitment to make continuous prices. The Inland Revenue will expect stern policing of the new exchange in return.

Mr Weinreb [illegible] exchanges were still on target to merge by the end of the year. The stock-lending issue has to be fully clarified before [illegible] prospectus for the merged exchange is issued.

But the other technical barrier to the merger was largely resolved several months ago, when a consultative paper proposing [illegible] clearing system to suit both exchanges met with broad approval.

Hungarians stall debut issue plans

By Tracy Corrigan

THE National Bank [illegible] Hungary, which [illegible] behalf of the Hungarian government, is putting plans for a debut £50m issue in the sterling bond market on hold as a result of the threat of civil war in Yugoslavia, an NBH official said.

The bank held [illegible] series of roadshows for UK investors earlier in the year. But fears about the political situation in neighbouring Yugoslavia have had a negative impact on investor appetite for Hungary's debt, the official said. He added that there was no logical reason for the crisis in Yugoslavia to have such an effect.

The bank hopes to raise around £50m through [illegible] long-[illegible] sterling bond [illegible] maturing in 20 to [illegible], with [illegible] put option after seven [illegible].

Hungary recently completed [illegible] Eurodollar bond offering, a $100m five-year deal [illegible] Bankers Trust International.

According to Bankers Trust, that deal was broadly distributed in Europe, the Far East and the US. Demand from US investors has encouraged the National Bank to pursue plans for a deal in the US domestic market, as well [illegible] second Ecu deal.

Hungary [illegible] aiming to raise funds totalling about $4.5bn this year, made up of $2bn in adjustment loans, $500m each in net capital investment, trade-related loans and [illegible] from G24, in addition to about $1bn in the international capital markets.

The bank is also working on [illegible] dollar equity-linked [illegible]tion, tied to a basket of five to 10 [illegible] which [illegible] be privatised.

An official said that Hungary is finding it much easier to raise funds through bond markets than through the syndicated loans market, once the traditional [illegible] for sovereign borrowers.

Hungary has the highest per capita [illegible] of any [illegible] European country, but has never defaulted on or rescheduled its debt.

BoT Futures wins CME membership

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange has approved the Bank [illegible] Tokyo's futures subsidiary as [illegible] full clearing member of the exchange.

Of the CME's 92 full [illegible] members, BoT Futures is the 13th Japanese firm to be accepted. The Bank of Tokyo joins such large Japanese banks as Daichi Kangyo, [illegible] Term Credit, Mitsubishi, Mitsui and Sanwa, all of whose subsidiaries are full CME clearing members.

Japanese firms, including the big four Japanese securities houses, ha[illegible] increasing moved into the Chicago markets over the last decade, but only in the last few years have they [illegible] devel[illegible] [illegible] presence to make the step into full clearing membership.

BoT Futures, which is [illegible] York, was welcomed [illegible] the CME chairman Mr John Sandner, who said that the Japanese bank's move was further evidence of the importance such institutions are placing on the risk [illegible] that futures markets provide.

Bank under pressure on rules for auctions

By Sara [illegible]

THE Bank of England yesterday came under pressure to amend some of its procedures for the auction of UK government bonds, and may propose certain improvements before the next auction takes place in the autumn.

The Bank met representatives of the 18 gilt-edged market-makers yesterday to discuss their views on the two gilt auctions which have taken place so far this year, in April and June. Since the Treasury is forecasting a Public Sector Borrowing Requirement of £8bn for the 1991-1992 financial year, the Bank has started a programme of gilt issuance after three [illegible] of buying back government debt.

The main point which the gilt-edged market-makers emphasised yesterday was the need for a shorter period of notice for auctions. At present, [illegible] Bank gives one month's notice [illegible] it will hold a gilt auction, specifying only the [illegible] and approximate maturity.

The market-makers believe that this lead-in period [illegible] long, with the result that [illegible] away from the market in the run-up to the auction. It is understood that the Bank is willing to consider changing this procedure in time for the next gilt auction. The Bank also agreed to try to announce auction results as quickly as possible after bidding [illegible] at [illegible] moment, market makers feel that they [illegible] exposed in [illegible] moving market while waiting for auction results.

■ A dozen issues in the sterling mortgage-backed securities market were saved from losing their Triple-A [illegible] despite the downgrading [illegible] Sun Alliance, the UK insurance company, from Triple-A to Double-A plus by Standard & Poor's, writes Tracy Corrigan.

Financial Security Assurance, a Triple-A rated specialist insurance company, will provide partial [illegible] for twelve issues by The Mortgage Corporation, totalling £1.8bn. Special Risk Services acted as broker.

TSB deal adds to long-dated issues

By Simon London

TSB, the UK banking group, yesterday raised £100m in subordinated debt, adding further variety to the weight of long-dated sterling bonds issued this week [illegible] by British Steel and Associated British Ports.

The 20-year issue, underwritten and mostly placed by Warburg Securities, carries a coupon of 12 per cent and was priced at 99.257. At this level, the bonds yield 185 basis points more than the 9 per cent UK gilt maturing 2008.

Warburg said most of the deal had been placed with UK institutional investors hungry for high-yielding assets. However, the deal was the first long-dated [illegible] of sterling subordinated bonds since 1988.

In April, National Westminster and ANZ Bank raised £160m of subordinated debt in the sterling sector but at the shorter 10-year maturity. The last long-dated issue by a bank [illegible] own 10% [illegible] issue maturing 2008. The new paper was priced to yield 15 basis points more than this outstanding deal.

Yesterday's [illegible] counts [illegible] Tier II, [illegible] non-core, capital under international capital adequacy guidelines laid down by the Basle Committee of central bank regulators. However, TSB has no urgent need for capital. The bank has a capital to assets ratio of 10.69 per cent, against an 8 per cent requirement under the Basle guide.

In May, TSB raised $33m in Tier II capital through [illegible] private placement of floating rate notes in the US market.

Elsewhere, Postipankki, the Finnish financial institution, became the latest borrower to see its issue fare poorly in the Eurolire sector.

The bank launched a L150bn five-year deal, lead-managed by Banco di Roma, priced to yield 12.32 per cent. However, from an issue price of 101.80 the paper traded down to 99.85 bid by later afternoon, below the price at which the syndicate owned the issue.

Participants said that the pricing was too tight in [illegible] fragile market.

Syndicate managers commented that deals were being mis-priced by Italian banks anxious to build market share in the fast-growing Eurolire market.

Prudential Funding Corporation, the financing arm of Prudential Insurance of the US, issued $200m four-year bonds in [illegible] deal lead-managed by Swiss Bank Corporation.

The deal is the first four-year Eurodollar deal of the year. Since there is no recognised US Treasury benchmark at this maturity, corporate borrowers have tended to concentrate on three-year issues. However, the yield curve is steep at shorter maturities and investors can pick up 30 basis points in yield by switching from three to four-year bonds.

The lead manager said that the deal was supported by demand from Swiss retail investors. Others reported slower placement of the bonds, which were priced to yield 44 basis points more than the US Treasury yield curve. However, SBC had undertaken to place $155m of paper itself.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Prudential [illegible] Corp(a)†	200	8¼	101.305	[illegible]	1⅞/1½	SBC
Osaka Cement Co.(a)♦	100	4½	100	[illegible]	2¼/1½	Nomura Int.
Petroleo Brasileiro(f)†	[illegible]	10	94.0388	1993	1½/1¼	Chase Investment Bk
STERLING						
TSB Group(b)†	100	12	[illegible]	2011	[illegible]	SG Warburg Secs.
LIRE						
Postipankki(a)†	150bn	12.30	[illegible]	[illegible]	1⅞/1¼	Banco di Roma
SWISS FRANCS						
Nissho Corp(c)★★♦	100	[illegible]	100	1995	-	[illegible]
Toko Inc.(a)★★†	50	7¼	100	[illegible]	-	Credit Suisse
Toko Inc.(a)★★♦	50	[illegible]	100	1995	-	Credit Suisse
Yamato Setubi Constr.(d)★★♦	40	[illegible]	[illegible]	[illegible]	-	New Japan Secs.(Switz)
Rio [illegible] Co.(e)★★♦	35	[illegible]	[illegible]	[illegible]	-	[illegible] Bk (Switz)

[illegible] placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Subordinated issue. Non-callable. c) Callable 31/7/93 at 101% declining ¼% semi-annually. d) Early redemption 20/3/92 at 102% declining ½% annually. e) [illegible] 2/8/93 at [illegible] declining ½% semi-annually. f) Amount increased from $200m. Callable at 97.0699% from 2/8/92. Coupon payable semi-annually.

DFC NZ takes action on SecPac swap termination

By Tracy Corrigan in London and Terry Hall in Wellington

DFC New Zealand has issued [illegible] proceedings against Security Pacific Australia, which terminated a swap agreement after DFC was placed under statutory management in October 1989.

DFC, the defunct investment bank formerly owned by the [illegible] Zealand government, hopes to recover between US$3.8m and US$7.1m, relating to payments to DFC which [illegible]uld have been made under [illegible] agreement, plus costs.

In order to avoid [illegible] of outstanding swap [illegible] after DFC [illegible] under, its entire currency and interest rate swap portfolio, which had [illegible] notional principal value of NZ$3.9bn, was transferred to Barclays Bank in Wellington.

Security Pacific was the only bank counterparty not to agree to the transfer. Swaps experts said SecPac's stand went [illegible] established market practice, but did not break any official regulations.

DFC's statutory manager, Mr Sandy Maier, pointed [illegible] SecPac had no [illegible] exposure with DFC. "We believe they were not entitled to terminate," he said.

Mr Maier added that the issue involves "people walking away from contracts and taking windfall profits". He said there had been attempts to resolve the matter before the decision was taken to start high court proceedings.

Tokyo Stock Exchange delists Kyosan Electric

By Emiko Terazono in Tokyo

KYOSAN Electric, a leading Japanese signal-maker, will be delisted from the first section, the Tokyo Stock Exchange (TSE) has announced.

The TSE says the [illegible] was unable to meet exchange requirements that its 10 largest shareholders comprise [illegible] than [illegible] per cent of total [illegible] standing stocks.

Officials said that this was the first instance of a company being delisted due to the reduction in shareholders as a result of stock cornering.

According to the 5 per cent rule, which requires investors with more than a 5 per cent stake in a company to reveal details of the stock purchase, stock speculators had cornered Kyosan's equity this year.

Kyosan will be traded under liquidation post after July 11 before the delisting takes effect October 11. Leading shareholders of the company include Nippon Life, which holds a 9.8 stake and Bank of Yokohama with 4.9 per cent. Some [illegible] per cent is owned by foreign investors, including Baring Brothers.

The TSE also announced that Omikenshi, a textile company, will be relegated to the second section as of August 1. The company's shares have also fallen victim to stock cornering. Omikenshi is also one of the five companies subject to moratorium by the TSE and faces delisting if the number of shareholders requirement is not satisfied by March 31, 1992.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thursday July 11 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Jul 10: Index No.	Tue Jul 9: Index No.	Mon Jul 8: Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	804.14	+0.6	10.81	6.00	11.41	18.16	799.69	794.76	793.49	881.29
2	Building Materials (24)	1021.95	+1.1	9.55	6.10	13.25	30.46	1010.70	999.43	1004.69	1105.21
3	Contracting, Construction (31)	1133.41	+0.5	9.83	6.88	13.44	31.87	1128.27	1125.47	1142.18	1445.64
4	Electricals (10)	2299.53	-0.1	11.17	5.82	11.40	61.85	2301.87	2283.27	2276.84	2389.18
5	Electronics (25)	1714.26	+0.4	8.79	5.25	15.13	10.13	1707.09	1690.04	1689.41	1817.72
6	Engineering-Aerospace (8)	407.36	-0.1	16.81	6.16	7.14	10.83	407.65	407.89	403.33	476.93
7	Engineering-General (46)	433.45	+0.1	12.73	5.81	9.62	9.92	433.03	434.54	433.43	485.90
8	Metals and Metal Forming (8)	438.77	....	16.08	8.05	7.64	3.82	438.68	435.19	428.36	487.17
9	Motors (12)	302.73	+1.3	13.05	7.99	9.03	9.98	298.85	301.47	298.69	359.66
10	Other Industrial Materials (20)	1532.70	+0.7	9.15	5.24	12.86	34.85	1522.49	1507.69	1500.52	1605.85
21	CONSUMER GROUP (187)	1471.01	+0.2	7.97	3.70	15.44	22.68	1467.86	1456.90	1444.95	1311.18
22	Brewers and Distillers (22)	1779.74	+0.3	8.65	3.72	14.10	27.45	1774.51	1758.35	1755.06	1605.61
25	Food Manufacturing (19)	1177.94	-0.4	9.74	4.20	12.67	23.29	1183.13	1183.77	1178.58	1094.12
26	Food Retailing (17)	2669.94	+0.4	8.07	3.14	16.21	39.61	2659.52	2649.74	2613.22	2538.99
27	Health and Household (22)	3591.23	+0.1	5.30	2.40	21.56	30.21	3588.90	3580.61	3535.73	2644.82
29	Hotels and Leisure (23)	1226.40	+0.4	10.37	5.65	11.51	23.89	1221.89	1202.19	1196.09	1446.62
30	Media (26)	1385.58	+0.4	9.23	5.08	13.73	29.60	1379.56	1353.33	1342.46	0.00
31	Packaging, Paper & Printing (17)	704.02	-1.0	8.00	4.69	15.10	14.33	711.03	708.75	696.39	614.10
34	Stores (32)	914.63	+0.8	8.47	3.97	15.42	16.28	907.04	891.88	884.83	810.68
35	Textiles (9)	536.62	+1.2	9.34	5.78	13.29	13.79	530.21	532.52	535.98	495.49
40	OTHER GROUPS (109)	1226.64	-0.5	10.21	5.23	12.07	21.16	1232.38	1222.67	1214.53	1198.65
41	Business Services (12)	1271.62	....	9.02	5.12	13.54	29.13	1271.33	1260.43	1251.25	0.00
42	Chemicals (21)	1398.89	....	8.00	5.15	14.10	32.35	1398.41	1396.98	1385.74	1292.13
43	Conglomerates (10)	1423.80	+0.2	10.71	7.29	11.28	31.93	1420.78	1407.44	1390.41	1617.04
44	Transport (13)	2152.84	+0.3	8.78	4.95	14.11	46.60	2145.60	2137.77	2145.14	2322.24
45	Electricity (16)	1204.70	-0.8	14.33	5.39	8.91	0.00	1214.30	1207.58	1205.36	0.00
46	Telephone Networks (4)	1463.62	-1.3	10.13	4.16	12.91	5.58	1483.13	1451.72	1432.56	1257.71
47	Water (10)	2280.67	-0.4	18.11	6.75	6.10	118.37	2290.30	2303.73	2330.95	1978.61
48	Miscellaneous (23)	1977.44	-0.3	6.12	[illegible]	21.20	47.71	1983.64	1986.80	1973.39	1817.04
49	INDUSTRIAL GROUP (480)	1230.51	....	9.24	4.63	13.33	21.39	1229.82	1220.77	1212.91	1180.70
51	Oil & Gas (20)	2417.25	+0.1	11.22	5.66	11.72	50.59	2415.69	2403.92	2382.02	2335.58
59	500 SHARE INDEX (500)	1330.89	....	9.50	4.77	13.10	23.79	1330.13	1320.77	1311.81	1277.57
61	FINANCIAL GROUP (94)	781.73	+0.3	-	6.06	-	20.71	779.58	775.91	771.28	809.08
62	Banks (9)	882.34	+0.6	6.79	6.28	22.28	22.63	877.09	863.96	857.80	867.32
65	Insurance (Life) (7)	1471.52	....	-	5.62	-	41.64	1471.23	1483.23	1470.83	1461.40
66	Insurance (Composite) (6)	663.58	-0.2	-	6.60	-	20.23	665.08	665.79	662.93	691.91
67	Insurance (Brokers) (8)	1160.51	+0.7	6.72	5.84	19.28	29.60	1152.14	1139.11	1123.57	987.13
68	Merchant Banks (7)	417.29	....	-	5.02	-	11.00	417.25	418.03	419.38	436.98
69	Property (37)	886.37	+0.1	6.31	5.27	22.74	19.29	885.48	889.59	885.73	1102.00
70	Other Financial (20)	258.51	+0.3	11.09	6.98	11.28	7.80	257.68	257.65	257.74	289.43
71	Investment Trusts (70)	1196.10	+0.3	-	3.53	-	19.23	1192.45	1187.48	1178.99	1222.22
99	ALL-SHARE INDEX (664)	1198.28	+0.1	-	4.90	-	22.74	1197.17	1189.20	1181.25	1164.78

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 10	Jul 9	Jul 8	Jul 5	Jul 4	Year ago
FT-SE 100 SHARE INDEX‡	2510.5	+2.1	2526.1	2506.7	2508.4	2487.9	2466.8	2484.7	2470.4	2370.5

FIXED INTEREST

	PRICE INDICES	Thu Jul 11	Day's change %	Wed Jul 10	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	121.46	+0.03	121.42	2.08	6.06
2	5-15 years (27)	131.99	+0.21	131.71	2.70	6.73
3	Over 15 years (9)	138.86	+0.32	138.42	2.39	6.44
4	Irredeemables (6)	151.77	+0.03	151.73	1.65	7.34
5	All stocks (71)	130.85	+0.16	130.64	2.47	6.57
	Index-Linked					
6	Up to 5 years (1)	159.45	+0.14	159.23	0.54	2.72
7	Over 5 years (10)	145.54	-0.13	145.72	0.63	2.45
8	All stocks (11)	146.50	-0.12	146.67	0.63	2.46
9	Debs & Loans (56)	109.58	+0.03	109.54	2.52	5.18

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 11	Wed Jul 10	Year ago (approx.)
	British Government				
1	Low	5 years	8.96	9.00	10.87
2	Coupons	15 years	9.87	9.89	10.87
3	(0%-7¾%)	20 years	9.87	9.89	10.87
4	Medium	5 years	10.23	10.25	12.28
5	Coupons	15 years	10.06	10.10	11.37
6	(8%-10¾%)	20 years	10.00	10.03	11.15
7	High	5 years	10.41	10.43	12.37
8	Coupons	15 years	10.19	10.23	11.59
9	(11%-)	20 years	10.09	10.12	11.37
10	Irredeemables		10.08	10.08	10.94
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.41	4.45	5.39
12	Inflation rate 5%	Over 5 yrs.	4.33	4.32	4.32
13	Inflation rate 10%	Up to 5 yrs.	3.53	3.57	4.35
14	Inflation rate 10%	Over 5 yrs.	4.15	4.14	4.15
15	Debs &	5 years	11.90	11.90	13.97
16	Loans	15 years	11.70	11.70	12.83
17		25 years	11.50	11.50	12.54

‡Opening index 2506.7; 9 am 2516.6; 10 am 2513.1; 11 am 2521.8; Noon 2522.0; 1 pm 2517.6; 2 pm 2520.3; 2.30 pm 2523.5; 3 pm 2523.1; 4.10 pm 2510.0; (a) 2.43pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	39	9	36
Corporations, Dominion and Foreign Bonds	7	1	12
Industrials	244	275	998
Financial and Properties	137	104	499
Oils	14	34	[illegible]
Plantations	0	[illegible]	[illegible]
Mines	31	[illegible]	[illegible]
Others	48	[illegible]	53
Totals	520	520	1,742

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§100	F.P.	-	107	101	Abtrust Preferred Inc. Trt.	102	-1	M12.32	-	[illegible]	-
§102	F.P.	-	107½	104	Do. Zero Div. Prf.	107½		-	-	-	-
-	F.P.	-	41	10	Aegis Warrants 5p	41		-	-	-	-
‡	F.P.	-	185	185	Brockhampton 10p	185		-	-	-	-
‡	F.P.	-	33	33	Do. A Warrants 10p	33		-	-	-	-
‡	F.P.	-	145	140	Do. Non/Vtg. A 10p	145		-	-	-	-
†	F.P.	-	106	105	Capital Ventures 1p	106		-	-	-	-
100	F.P.	-	102	95½	City Merchants High Yld	96		N7.5	-	10.4	-
225	F.P.	-	229	225	Eurocamp 5p	228		N8.5	2.5	5.0	10.9
-	F.P.	-	½	¼	Gaelic Res. Wrnts.	½	+¼	-	-	-	-
¶230	F.P.	-	245	205	[illegible] Irf.1	213		u06%	3.9	1.9	9.0
385	F.P.	-	335	272	[illegible] United 10p	287		-	-	-	-
†	F.P.	-	908	691	Manpower Inc. 1c	848		-	-	-	-
125	F.P.	-	127	94	Mirror Grp. Newspapers	95	-2	R6.55	1.7	9.2	8.5
100	F.P.	-	113	100	Moorgate Smaller Co's	105		M4.13	-	5.2	-
35	F.P.	-	39	36	Do. Warrants	36		-	-	-	-
240	100	-	124½	109½	Scot Hydro-Elect. 50p	110½	-1½	R9.13	1.9	4.9	13.3
240	100	-	119½	101	Scottish Power 50p	101	-2	L9.2	2.1	5.1	10.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	110¼	98¾	Burmah Cap (Jersey) 9½pc Cnv Bds 2006	100½	+¼
100	F.P.	-	100½	96½	EE Finance 8¾pc Gtd. Exch. Bds. 2006	100	-½
¶r110p	Nil	-	22½p	18p	Fyffes 8.25p (Net) Cnv Cm Prf Irf.1	19½p	-½
100p	Nil	-	4½pm	¼pm	Queens Moat Houses 7¼pc Cv Rd Pf	¼pm	-¼
100	F.P.	-	103¾	96½	RMC Capital 8¼pc Cnv. Bds. 2006	98¾	+½
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	97¾	+1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
83	Nil	-	8½pm	8pm	Amber Day 2½p	8½pm	
155	Nil	-	22pm	9pm	BPB Industries 50p	20pm	+6
315	Nil	-	70pm	50pm	Bespak 10p	51pm	
108	Nil	-	7pm	4pm	Dart Group 10p	5½pm	
100	Nil	-	15pm	5pm	¶Flextech 10p	5pm	
50	Nil	-	23pm	7pm	Gardner (D.C.) 5p	7pm	-1
380	Nil	-	51pm	38pm	Heath (C.E.) 20p	43pm	+3
265	Nil	-	40pm	10pm	Morland	11pm	
71	Nil	-	7pm	4pm	Regalian Properties	4pm	
[illegible]	Nil	-	51pm	39pm	Sainsbury (J.)	48pm	
[illegible]	Nil	-	¼pm	¼pm	Tie Rack 5p	¼pm	
10	Nil	-	¼pm	¼pm	Welpac 7p	¼pm	
25	Nil	-	¼pm	¼pm	Wiltshire 20p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. e Forecast or estimated annualised dividend rate, [illegible] based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other [illegible] estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ¶¶ Reintroduction. ÷ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings July 8
- Last Dealings July 19
- Last [illegible] Oct. 10
- For settlement Oct. [illegible]

For [illegible] London Share Service

Calls in ADT, Aviva Pet., Berisford Intl., Cannon Street Invs., Control Sec., Conroy Pet., European Leisure, Explaura, Monument Oil [illegible] Gas, Alan Paul, Real [illegible] Control, [illegible] TV, TV-am [illegible] UniChem. [illegible] in ADT, J. England and Monument Oil & Gas.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allid Lyons (*535)	500	37	56	68	1	8	15
	550	5½	27½	38	18	28	36
	600	½	10	20½	65	65½	67½
ASDA (*89)	80	10½	11½	14½	½	3	[illegible]
	90	3	6½	9	3½	7½	[illegible]
	100	½	2½	5	11½	13	15½
Brit. Airways (*167)	140	26	31½	34½	½	[illegible]	3½
	160	9	16½	21½	2½	[illegible]	10
	180	1½	8	12	13½	16½	19½
SmKl Bee- [illegible] A (*800)	750	52½	78½	99½	1½	11½	17
	800	15½	44½	65½	11½	29½	36½
	850	2	23	42½	49½	52½	57½
Boots (*391)	[illegible]	[illegible]	72	76	½	1	2½
	360	32½	45½	52	½	4	6½
	390	6½	24	32½	5½	12½	16½
B.P. (*345)	[illegible]	46½	49½	51½	½	[illegible]	2½
	330	16½	[illegible]	31½	1	6	[illegible]
	360	1½	[illegible]	14½	19½	20½	23½
British Steel (*126)	110	15½	15½	-	½	[illegible]	-
	120	6½	7½	9½	3½	6	8½
	130	½	3½	5½	12	13	15
Bass (*925)	[illegible]	-	-	86½	-	-	[illegible]
	929	14	52½	-	14½	30½	-
	950	-	-	55½	-	-	56½
C & Wire (*574)	500	[illegible]	[illegible]	104	½	[illegible]	6
	550	28½	52	68½	3	14½	20
	600	4	24½	37½	28	36½	42½
[illegible] (*432)	360	73	83	90	½	1½	[illegible]
	390	43	57	[illegible]	[illegible]	[illegible]	8½
	420	15	[illegible]	[illegible]	[illegible]	13	18
Com. Union (*516)	460	58½	63½	76½	½	4½	7
	500	21	34	49½	3½	14	18½
	550	1½	12	24½	33½	43½	46½
Fisons (*496)	460	37	54	65	1½	7½	12
	500	7	27	40	10½	21½	26½
	550	½	9½	19½	55	55	56
GKN (*325)	300	25½	31½	36½	1	8	12½
	330	5½	14	24	8	21½	24
	360	1	5½	13½	35	41½	44
Grand Met. (*768)	700	70	86	104	½	9	16
	750	26	51	71	5½	26½	33½
	800	4	27	44½	34½	52½	58
I.C.I. (*1298)	1250	61½	95	131	6	37½	46½
	1300	26	71	103	22	60	67
	1350	8½	48½	78½	52½	78½	90½
Kingfisher (*499)	460	40½	57½	[illegible]	1½	9½	12½
	500	10	30½	47½	9½	23	27½
	550	1½	12½	24½	50½	53½	55½
Ladbroke (*250)	240	12	22½	29½	1½	10	14½
	260	2½	12	19½	[illegible]	20½	24½
Land Secur (*479)	460	23½	39½	48½	1½	6	11
	500	2	16	25	20	24	30
M & S (*264)	260	6½	18	24	3½	8	10
	280	½	8	15½	17	19	19½
Sainsbury (*360)	[illegible]	9	23½	32	4	10½	14½
	[illegible]	½	9½	17½	26	27	31
Shell Trans. (*521)	500	23	39½	52½	1½	11½	16½
	550	1½	11½	24½	29½	37½	39½
Storehouse (*105)	100	5½	12½	14½	1½	3½	5
	110	2	7	10	5½	7½	10½
Trafalgar (*239)	220	20	31½	35½	1	8	14½
	240	5	19	24	7½	16½	24
Utd Biscuits (*390)	360	32	43	[illegible]	½	5½	9
	390	7½	21	[illegible]	6	16½	20½
Unilever (*748)	700	50½	72½	88½	1½	6½	11½
	750	10	39	55½	11	23	29½
Ultramar (*274)	280	4	12½	21	8½	16½	18
	300	1½	[illegible]	12½	25½	[illegible]	[illegible]

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero (*566)	550	33½	44½	61½	9½	22	27
	600	9½	22	36½	40	49½	54½
BAA (*424)	420	19	33	40½	9½	14½	20½
	460	4½	14½	22	35½	37½	42½
BAT Inds ([illegible])	700	58½	67	88½	6	16	22½
	750	22	37	59½	28	[illegible]	42½
BTR ([illegible])	[illegible]	33	[illegible]	49	2½	8	11
	390	13	20	[illegible]	[illegible]	[illegible]	25
Brit. Telecom (*367)	360	13½	23	28½	[illegible]	13½	[illegible]
	[illegible]	2	9½	16	31	33	36
Cadbury Sch ([illegible])	360	30	38½	50	4½	9	12½
	390	11½	21½	32	15½	21½	[illegible]
Eastern Elec (*190)	180	11	[illegible]	[illegible]	9	11½	14½
	200	[illegible]	5½	[illegible]	24½	24½	26½
[illegible]	950	36	59½	[illegible]	[illegible]	38	37½
	1000	13½	35½	[illegible]	[illegible]	55½	60½
GEC (*192)	180	12	16	18	3½	5½	7½
	200	2	6	9½	16½	17½	18½
Hanson (*207)	200	13½	[illegible]	22	2½	5½	10½
	220	2½	6½	11½	13½	15½	21
LASMO ([illegible])	330	18	31½	40½	9½	15½	17½
	360	6	15½	26	27½	30½	32½
Lucas Inds (*132)	130	8	12½	14½	5	9	10
	140	3½	7½	10	10½	14½	16½
[illegible] (*545)	500	54½	[illegible]	71½	3½	10½	15½
	550	20½	30½	43½	18½	31½	35½
Pilkington (*153)	140	16½	22½	24½	2½	5½	8
	160	5½	12	14½	11½	14½	17½
[illegible] (*234)	220	20	24½	30½	2½	6½	7½
	240	8½	13½	19½	9½	14½	16½
Racal (*213)	200	19	27	34	3½	7½	10½
	220	7½	14½	21½	13	17	19
R.T.Z. (*583)	550	45½	57½	73½	5½	14	19
	600	15	30	45½	25½	35½	40½
Scot. & New ([illegible])	390	14½	26	33½	12½	18½	23
	420	3½	12½	20	33½	35½	40½
Tesco (*282)	[illegible]	[illegible]	[illegible]	27	6½	10	11½
	300	3½	9	16½	18	21½	22½
Thames Water (*284)	[illegible]	[illegible]	[illegible]	30	4	9	11½
	300	4	12½	18½	18½	18	22

Option		Calls Jul	Puts Jul
STC (*320)	280	-	½
	300	-	½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*284)	280	14½	23½	29½	8½	11	14½
	300	5½	14	-	19½	21½	-
Amstrad (*49)	45	7½	9	10½	2½	3½	5½
	50	4½	6	8½	4½	6½	7½
Barclays (*445)	420	31	44½	54½	9	15	19½
	460	11½	23	33	28½	32	39½
Blue Circle (*251)	240	20½	28	36	9	12	14½
	260	9½	17½	24½	18½	22	23
[illegible]	240	10½	17½	20	7½	9½	12½
	260	3½	8½	11½	22½	22½	24½
Dixons (*217)	200	19	26	33½	4½	7½	9
	220	9	16	21½	11½	15½	18½
Eurotunnel (*449)	420	47	60	75	10½	16½	21½
	460	25	40	53	25	33	37
Glaxo (*1265)	1250	70½	103	133	44	56	64
	1300	44½	78½	106	70	79	[illegible]
Hawker Sidd. (*524)	500	44½	58½	69½	16	25½	32½
	550	20½	34½	46½	38½	51½	55½
Hillsdown (*230)	220	18½	25	32	6	9	12
	240	8½	15	20½	15½	19	22
[illegible]	240	15½	23	26	8	11	16½
	260	6½	13½	16½	19½	22	23
Midland Bk (*180)	180	16½	24	[illegible]	6	8½	15½
	200	7	13½	18½	[illegible]	[illegible]	[illegible]
National Power (*139)	130	11	14	15½	5	6	8
	140	[illegible]	8	11	10	11	12½
Reuters ([illegible])	750	66½	95	115	[illegible]	[illegible]	36½
	800	38½	66½	88½	37½	50½	56½
[illegible] (*147)	140	12½	16½	21	4½	6	8½
	160	4	7½	11	16½	18½	20
[illegible]	70	7	8	11	2½	3½	4½
	80	2	4½	5½	7½	8½	9
THF (*240)	240	12½	16½	24½	7½	12½	14½
	260	4½	9	15½	21½	24	28
Thorn EMI (*739)	[illegible]	[illegible]	57	66½	16	25½	29½
	[illegible]	[illegible]	32	41	43½	50½	56½
TSB (*140)	140	5½	10½	12½	6½	8½	10½
	160	1½	3½	5½	22	23	23
[illegible]	70	8½	12½	14	5½	[illegible]	10½
	80	4½	8½	10½	10½	13½	15½
Wellcome (*703)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Sep	Calls Dec	Puts Sep	Puts Dec
Scottish Power (*101)	100	8	11	4	5½
	110	3½	6	10½	11½

EURO FT-SE INDEX (*2510)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Jul	189	140	94½	52½	22	6½	[illegible]	[illegible]
Aug	202	157	115	77½	47½	24½	14	[illegible]
Sep	217	-	137	-	71	-	31½	-
[illegible]	266	-	193	-	130	-	83½	-
Mar	314	-	247	-	187	-	135	-
Jun	360	-	290	-	230	-	177	-
PUTS								
Jul	3	6	8½	20½	41½	73½	116	[illegible]
Aug	9	14	22½	35½	56½	84½	115	154
Sep	14½	-	31½	-	63½	-	120	-
Dec	31½	-	52½	-	82½	-	126	-
Mar	45	-	70	-	102	-	145	-
Jun	57½	-	80	-	110	-	145	-

FT-SE INDEX (*2510)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Jul	213	164	117	73½	37	14	4½	1½
Aug	226	181	136	97½	63½	38½	20	10½
Sep	242	199	159	121	89	61½	41	24½
Oct	258	216	179	142	111	82½	59½	-
Dec †	291	-	226	-	147	-	93½	-
Jun †	320	-	297	-	237	-	177	-
PUTS								
Jul	[illegible]	4½	6½	12½	28	58	100	148
Aug	7	10	17	27	43½	78½	106	147
Sep	12½	18½	28	40	58½	81½	114	152
Oct	19½	26½	36½	50½	69½	92½	122	-
Dec †	27½	-	47½	-	86½	-	137	-
Jun †	65	-	95	-	130	-	180	-

July 11 Total Contracts 35,346
Calls 21,618 Puts 13,728
FT-SE Index Calls 4,356 Puts 4,932
Euro FT-SE Calls 1,506 Puts 1,656
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

UK COMPANY NEWS

Cost of Mecca purchase sends Rank lower to £96m

By David Churchill, Leisure Industries Correspondent

THE RECESSION and the cost of taking on Mecca Leisure's debts has begun to take its toll on the Rank Organisation, the leisure operator with interests including cinemas, casinos, bingo halls and Butlins holiday camps.

Interim pre-tax profits for the 28 weeks ended May 18 were £96m, down sharply from £137.6m.

The figures were not as bad as expected by the City mainly due to an unchanged £80.1m contribution, higher than had been anticipated, from its Rank Xerox investment. The shares closed the day 3p higher at [illegible] after initially gaining more.

The main cause of the profits fall was a rise in interest [illegible] from £6.7m to [illegible] resulting from the assumption [illegible] Mec[illegible] debts following its [illegible] over [illegible] August [illegible] £500m. In addition, there were higher interest charges on the [illegible] per cent investment [illegible] the Universal Studios theme park in Orlando, Florida, which opened last [illegible].

Present borrowings were said by the company to [illegible] £1.03bn.

"Rank has found [illegible] recession having [illegible] [illegible] marked effect on its leisure operations than it expected at the beginning [illegible] the year. "I said [illegible] [illegible] we were cautious but calm, now we're bloody but unbowed," said Mr [illegible] Gifford, chief [illegible] yesterday.

Turnover for the period rose from £522.2m to £983.6m including [illegible] first contribution from Mecca. Trading profits were £69.8m (£53.4m).

Earnings [illegible] share [illegible] from 34.2p to 11.3p, but [illegible] dividend has been maintained at 10.25p.

[illegible] trading divisions, the worst performance [illegible] from film [illegible] which saw trading profits [illegible] from £17.1m to £8.4m. This [illegible] largely [illegible] a result of [illegible] dupli[illegible] [illegible] video [illegible] worldwide and [illegible] trading conditions in [illegible] main [illegible] for [illegible] Industries' technical products.

However, some leisure mar[illegible] in [illegible] held up better [illegible] expected, [illegible] Rank. Bingo profits had increased by £3m with a 10 per [illegible] in [illegible] spend [illegible] although nightclub [illegible] by [illegible] per cent, trading profits [illegible] improved due to [illegible] costs.

The Butlins [illegible] Warners holiday [illegible] expecting [illegible] buoyant summer, [illegible] five London hotels [illegible] experiencing [illegible] year [illegible] aggressive marketing.

Mr Gifford, however, [illegible] that there [illegible] early sign of an [illegible] recession.

● A Kershaw [illegible] Sons, [illegible] holds [illegible] of the ordinary capital of [illegible] (Holdings), the indi[illegible] the group's interest in [illegible] Xerox, [illegible] pre-tax profits [illegible] period of [illegible] (£3.27m). Earnings per share were 9.1p (9p).

Colin Beere

Bloody but unbowed: Michael Gifford, left, and Sir Patrick Meaney, chairman

Rough ride at AGM for Storehouse directors

By John Thornhill

[illegible] at the [illegible] meeting [illegible] Storehouse, [illegible] retailing [illegible] their directors a rough ride [illegible] being told [illegible] inevitable [illegible] loss in the [illegible] half [illegible] year.

Storehouse, which owns the BhS, [illegible] Richards, [illegible] and Mothercare chains, said [illegible] had hit [illegible] hard. [illegible] been running [illegible] 8 [illegible] year's level although [illegible] had [illegible] in the past [illegible].

Mr [illegible] Hay Davison, chairman, [illegible] "We are in the deepest [illegible] since the [illegible] come to an end but what we [illegible] when."

He [illegible], however, [illegible] the [illegible] completed its restructuring [illegible] and remained strong financially with no net [illegible] – "an envi[illegible] position [illegible]"

[illegible] distinctly unimpressed [illegible] grilled [illegible] board relentlessly over [illegible] company's poor performance [illegible] of [illegible] pay, [illegible] had risen [illegible] per [illegible] since 1986 [illegible] £1.63m.

[illegible] speaker urged [illegible]holders [illegible] against the re[illegible] of [illegible] had just received three-year service contracts, [illegible] against [illegible] non-executive director [illegible] was responsible [illegible] setting high levels of remuneration [illegible] the past.

Although [illegible] proposal met with [illegible] sympathy [illegible] meeting it was overwhelmed by [illegible] the big [illegible] shareholders.

Mr [illegible] defended [illegible] of [illegible] pay – [illegible] collectively [illegible] only 1 per cent [illegible] year – and said that all the board [illegible] joined recently and could not be held accountable for past mistakes.

"We have brought in new retailers. They do not come cheap and yet they are essential if we are to turn the company round. It really is not fair to say 'gosh' – these chaps have voted themselves very big pay increases. For them it is quite a venture, quite a gamble," he said.

But some shareholders remained sceptical: "If you shuffle the pack frequently enough then you never pin the responsibility on anybody. The directors should be put at the same financial risk as shareholders," said one.

"It is always the poor bloody troops that catch it not the generals," grumbled another.

Kwik Save expands

[illegible] acquired seven Grandways [illegible] the north-east of England from William Jackson & Son for £1.5m cash.

Real ale resurgence lifts Greene King

By Roland Rudd

[illegible] KING, the [illegible] Anglian-based brewer, yesterday reported [illegible] increase in pre-tax [illegible] to [illegible] the [illegible] weeks to May 5.

A £1.1m advertising [illegible]paign helped [illegible] company record [illegible] 6 per [illegible] increase [illegible] its IPA [illegible] Abbot [illegible] brands. [illegible] overall increased by 4 per cent. Turnover was [illegible] 16 per cent from [illegible] £126.3m.

After assimilating [illegible] pubs [illegible] last year [illegible] Allied Breweries, the [illegible] looking to expand [illegible] pub network further.

However, Mr Simon Redman, chairman, said all the pubs [illegible] the [illegible] had so far looked [illegible] been rejected [illegible] "unsatisfactory".

"There are so [illegible] rural pubs on [illegible] market which [illegible] close because they are [illegible] going [illegible] make money" he [illegible]. "These [illegible] trading conditions I [illegible]rienced.".

Mr [illegible] said the industry [illegible] from [illegible] increase in [illegible] duty, which was [illegible] per cent, [illegible] the government's decision [illegible] take another [illegible] in VAT.

"The government thought [illegible] increase in [illegible] would [illegible] by [illegible] in the poll tax" [illegible] Redman. "The problem is that half our customers probably do not [illegible] the poll tax."

The company incurred an interest charge of £4.9m (£1.36m) from borrowings [illegible] £50m, representing 25 per [illegible] of shareholders' funds.

It [illegible] £8m as an extraordinary item following the collapse of Big R, its 33 per [illegible].

Earnings [illegible] share improved from 34.1p [illegible] 38.2p. A recom[illegible] final dividend of 7.5p makes 10.8p [illegible] the year.

■ COMMENT

A thirst [illegible] Greene King's beer brands helped the company [illegible] market expec[illegible] in a difficult year. The debt, while still on [illegible] high side, is coming down and property valuations later this year [illegible] expected [illegible] increase [illegible] value of its net assets. However, the good news [illegible] be offset against some bad. The company [illegible] guaran[illegible] loans [illegible] up [illegible] £10m to the Butterfly Hotels group, in which it [illegible] a [illegible] per cent [illegible]. That [illegible] risk that shareholders could do without. There are [illegible] bad debt provisions of [illegible] of banks forestalling on free [illegible] in debt [illegible] the company. The good still outweighs [illegible] bad [illegible] market [illegible] expecting [illegible] in profits putting the shares [illegible] a undemanding multiple of 9.8.

Europe provides spark for 67% rise at Domino

Domino Printing Sciences, the Cambridge-based ink jet specialist, yesterday reported a 67 per cent increase in interim profits on the back of an expanding European business, writes Roland Rudd.

Profits [illegible] the half-year [illegible] end-April [illegible] £2.05m to £3.43m on turnover increased to £26.4m [illegible].

[illegible] sales were boosted by new European legislation requiring use-by and best-before expiry dates on frozen food and beverages and pharmaceuticals.

The new regulations were mainly responsible for [illegible] per cent [illegible] in European turnover (excluding the recent acquisitions in France [illegible] Spain) from £10.8m to £13.7m.

[illegible] interim dividend is lifted to 2.1p (1.75p). Earnings [illegible] share were 7.05p (11.1p).

The only geographical [illegible] in which sales fell was the US, where turnover [illegible] down 5 per cent from £5.9m to £5.6m.

Cabra dives into the red

By Jane Fuller

CABRA ESTATES, the property [illegible] owns [illegible] west London football grounds of both Chelsea and Fulham, made [illegible] pre-tax loss of £11.3m [illegible] the year to March [illegible] and passed its final dividend.

This compared with pre-tax [illegible] of £3.63m in the previous 15 months. Turnover fell to £54.3m (£91.9m). Mr John Dug[illegible], chairman, [illegible] the year as "one of the [illegible] ever experienced within our sector."

This [illegible] in the dwindling turnover from property transactions: £13.6m [illegible] with £77.8m, [illegible] in the lon[illegible] period.

The [illegible] construction division, which came in [illegible] acquisition [illegible] Rohan Group [illegible] March last year, [illegible] other main constituent [illegible] turnover with £32.39m, on which a pre-tax profit of [illegible] was made.

Overall, a loss of [illegible] (profit [illegible] incurred before net interest [illegible] of [illegible] (£2.76m). [illegible] downs in property values amounted [illegible] (£2.5m), taken [illegible] exceptional loss.

At Stamford Bridge, [illegible] 12-acre [illegible] occupied by Chelsea [illegible] Club, an independent valuation is awaited based on the August 1988 [illegible]. Cabra said it believed the valu[illegible] exceed the site's [illegible] worth of [illegible]. [illegible] ground [illegible] £40m by Savills, [illegible] surveyors, in 1[illegible].

Mr [illegible] Bates, chairman [illegible] club which has an option to buy the site, [illegible] with [illegible] of [illegible] and [illegible].

Fulham's Craven Cottage site is in the [illegible]. The [illegible] grounds account for [illegible] than 60 [illegible] of company's property portfolio.

Cabra's retained loss [illegible] £10.35m and [illegible] assets fell [illegible] £51.1m [illegible] giving 45.73p [illegible] compared [illegible] yesterday's closing price [illegible] 11.5p.

[illegible] 10.2p (earnings 2.37p). The dividend is limited to an interim 0.1p (1.25p).

NEWS DIGEST

Hampers boost Park Food to £4m

[illegible] by an increase [illegible] hampers division Park Food Group reported pre-tax [illegible] for the [illegible] end-March up from £3.03m [illegible]. [illegible] a fall into [illegible] temperature controlled division and an [illegible] in drinks.

In the [illegible] division Lamb & [illegible] Vintners [illegible] an extraordinary charge of [illegible] relating [illegible] write-offs.

Group turnover was [illegible] (£107.9m) [illegible] earnings [illegible] were 24.05p (16.46p). A final dividend [illegible] 5.7p [illegible] proposed for a [illegible] (6.3p).

Morris Ashby held back by acquisition

Problems with an acquisition led to an 8 per [illegible] in pre-tax profits [illegible] Ashby, [illegible] specialist alumin[illegible] diecasting group. In [illegible] to [illegible] 31 they came [illegible] against £1.15m.

Turnover rose [illegible] £12.[illegible] (£11.1m). Earnings per share worked through [illegible] 8.7p (9.2p). The final dividend is 2.4p [illegible] same-again [illegible] of 4.1p.

Jurys Hotel slowed by war and recession

In [illegible] of [illegible] in [illegible] second half, Jurys Hotel Group managed [illegible] satisfac[illegible]ry outcome in that period and pushed up annual pre-tax profits [illegible] to I£3.26m (£2.96m).

Mr Walter Beatty, chairman of the Dublin-based group, said the second half suffered from the effects of the Gulf war and [illegible] in the UK and US.

Turnover for [illegible] year [illegible] April 30 [illegible] to I£27m (I£22m) [illegible] trading profit [illegible] (I£3.87m). Interest charges [illegible] I£1.8m (I£742,000). Earnings [illegible] to 11.1p (12.4p) and [illegible] is held [illegible] 5p on capital increased by a rights issue, [illegible] final being 3p.

Symonds Eng halved at £220,000

Symonds Engineering reported pre-tax profits halved [illegible] £220,000 [illegible] year [illegible] the end of March, against £564,000.

From earnings of 1.72p, [illegible]pared with 3.32p, [illegible] recom[illegible] 0.7p (0.8p) making a [illegible] for [illegible] from 1.25p [illegible] 1p.

Changes in Miskin shareholdings

There [illegible] changes [illegible] main shareholdings [illegible] Group, [illegible] USM-quoted construction and property develop[illegible] investment company.

Transfers between the main shareholders for a nil consideration will mean Gamlestaden will lift its stake from 28 per cent to 49.9 per cent, while Viewzeal will cut its holding from 28 per cent to 13 per cent and the directors from 32 per cent to 25 per cent.

Gamlestaden will inject additional working capital of £1.1m to assist in financing current contracts. Miskin will be making a further provision of about £4m in the current six months against deterioration in value of properties.

Gamlestaden is capitalising its existing loan into 1.85m "A" preference shares and Lloyds Bank is subscribing for 2.6m of that class of capital through capitalising £4.16m of loans – after that the balance of loans from Lloyds will be £637,000.

Miskin [illegible] a second interim report covering the six months to January [illegible]. Turnover [illegible] to [illegible] (£3.37m). Interest charges [illegible] £107,000 (received £69,000), leaving a [illegible] (profit £302,000). Losses per share worked through [illegible] 3.3p (earnings 2.7p). The current accounting period [illegible] running [illegible] months.

TR Technology net [illegible] value ahead

TR Technology, investment trust, had a [illegible] share of 124.25p [illegible] April [illegible] compared [illegible] 118.25p a [illegible] earlier.

[illegible] revenue [illegible] April improved from [illegible] earnings [illegible] 3.64p (3.1p). The [illegible] total to [illegible] (2p), [illegible] payment of 0.45p (0.4p).

Torex Hire tumbles to losses of £0.23m

Torex Hire, the USM-quoted [illegible] plant hirer, [illegible] from profits [illegible] £288,000 [illegible] losses [illegible] pre-tax in the [illegible] months to April 30. [illegible] interim dividend [illegible] – [illegible] 0.8p [illegible] paid.

Turnover slipped [illegible] £2.09m (£2.48m), [illegible] operating profits declined sharply [illegible] (£493,000). Losses per share emerged [illegible] 1.57p (earnings 1.91p). after a tax credit of £71,000 (charge £101,000).

Clarke Foods makes a maiden £0.36m

[illegible] Foods, the ice cream company [illegible] by Mr Henry D Clarke from [illegible] ashes of Yelverton Investments, reported pre-tax profits of [illegible] in [illegible] months to April [illegible].

In [illegible] corresponding period [illegible] result was £705,000, [illegible] Mr [illegible] it [illegible] directly comparable [illegible] it had included [illegible] dealing profit [illegible] £362,000 from [illegible] sale of a sin[illegible].

The company joined the USM in March and plans [illegible] liquidate its remaining invest[illegible] by [illegible] 31, [illegible] year-end. Turnover emerged [illegible] £1.78m and earnings per [illegible] were 1.65p basic and 1.62p fully diluted. The interim [illegible] maintained at 0.75p.

DBS Management ahead to £927,000

[illegible] Management group, which [illegible] UK's larg[illegible] network of independent financial advisers, [illegible] doubled [illegible] pre-tax profit from [illegible] £927,000 in [illegible] to March 31.

Turnover advanced [illegible] £2.4m (£1.27m). Fully diluted earnings per share [illegible] 18.7p (12.1p) and the dividend is lifted to 6p (4p).

BOARD MEETINGS

TODAY

Interims- Abbey Panels, Trilion.

Finals- SB & EA, Christie Group, Pape, Verson Intl.

FUTURE DATES

Interims-	
Central Motor Auctions	July 15
LWT	July 24
National Westminster Bank	Aug. 6
ML Laboratories	July 23
Royal Insurance	Aug. 15
St Andrew Trust	July 24
TR Pacific Inv Trust	Aug. 8
Tribune Inv Trust	July 18
Trust of Property Shares	July 16
Finals-	
Bespak	July 22
Black Arrow	July 19
British Bloodstock Agency	July 18
Helton	July 16
Manvier-Swain	July 29
TR European Growth Trust	Aug 28
Triplex Lloyd	July 17

UK COMPANY NEWS

Interest costs cut Asda to £173m

By John Thornhill

ASDA GROUP, the food and furnishings retailer, yesterday did little to dispel City concerns about its lack of direction and high level of borrowings when it unveiled a "disappointing" [illegible] of annual results.

Pre-tax profits slipped from £180m to £173m before providing for £4.5m [illegible] supplemental interest [illegible] convertible bonds. [illegible] interest bill ballooned from £29.9m to £85.5m.

The group gave little indication of how its debt burden of £872m [illegible] the year-end could be driven down but suggested that it was not looking to raise money through selling [illegible] leasing properties.

Asda's shares, which have come under intense pressure in recent weeks, rose 1p to 89p as fears of an imminent rights issue proved groundless.

But Mr Tony MacNeary, food retailing analyst at County [illegible], commented: "Financing is an issue that has not receded at all. The rights issue risk is still there."

Asda said the [illegible] for a chief executive to replace Mr John Hardman – who abruptly left last month after a boardroom shake-up – [illegible] progressing well. But it is [illegible] likely to be some weeks [illegible] an appointment can be made.

Sir Godfrey Messervy, the [illegible] director who took over the role of [illegible] [illegible] Mr Hardman's departure, has recently been out of action because of a mild stroke but it is hoped he will return in a few weeks' time.

Asda's sales in the year to April 27 rose from £3.55bn to £4.47bn and group operating profits were strongly ahead at £262m (£225m).

Progress was made in integrating the 60 [illegible] bought [illegible] Gateway for £705m in 1989. During the year 37 stores were converted to the Asda format [illegible] will [illegible] completed by November.

Asda stores, reflecting the first full year's contribution from the ex-Gateway outlets, lifted [illegible] profits from [illegible] to £251m. The stores made productivity gains of £20m during the year and the expansion of its central distribution network – accounting for 80 per [illegible] of food [illegible] – produced reductions in working capital.

Allied Maples, [illegible] group's home furnishings business, saw its profits contribution fall from £6.7m to £1.6m in a difficult market.

Asda's share of the losses at MFI, the furniture [illegible] in which it has a 25 per cent stake, increased by £2.7m to £4.2m. But since November 1990 Asda treated MFI as a trade [illegible] rather than an associated company.

The group's property arm, Gazely, [illegible] (£12.4m).

Fully diluted earnings per [illegible] marginally [illegible] 10.01p (10.18p). The [illegible] divided is held at 2.95p for an unchanged 4.8p total. [illegible]

Sir Godfrey Messervy: took over after board shake-up

[illegible] reflected [illegible] in [illegible] inherent strength of the business.

See Lex

Pearson and Reed show interest in Sthn News

By Maggie Urry

A POTENTIAL [illegible] Southern Newspapers appeared to be developing yesterday as first Pearson, the publishing, banking [illegible] group, and [illegible] Reed International, [illegible] publishing group, expressed interest. Southern [illegible] already [illegible] threat of a hostile bid from Trinity International Holdings.

Southern yesterday reiterated its advice to its shareholders not to sell their shares or sign any forms sent to them.

[illegible] Press, [illegible] provincial newspaper [illegible] of Pearson, publisher of the Financial Times, and Reed both [illegible] were applying to the [illegible] Trade and Industry to approve the transfer of Southern's titles to them.

Under UK [illegible] of ownership of newspapers must have the Secretary of State's approval.

Trinity has already asked the Secretary of State to consent to it buying the Southern papers. A [illegible] the Monopolies and Mergers Commission is expected and no decision is likely before mid-September. Like Trinity, Pearson and Reed are reserving their [illegible] not [illegible] bid even if [illegible]. None [illegible] three [illegible] indicated likely terms.

Mr Hew Stevenson, [illegible] of [illegible] Press, said that friendly talks about a merger had been held with Southern for some time. [illegible] Press owns some papers in [illegible], but Mr Stevenson said [illegible] had only minimal overlap with [illegible].

Reed said its regional [illegible] paper [illegible] was based [illegible] developing groups of titles, so far it has three areas of operation – around London, in [illegible] Midlands and in the [illegible] England. It [illegible] "a [illegible] group based in [illegible] England would fit logically into this strategy and discussions have [illegible] held recently, and over time with [illegible] Newspapers".

Trinity's papers include the Daily Post and Echo in Liverpool and it does not have titles in Southern's area.

Mr Stevenson said [illegible] ster Press would not normally ask for government approval until an agreement had been reached with another party. However, because Trinity had declared its interest, Westminster Press decided to set the wheels in motion too. Reed said it wanted to retain its flexibility in [illegible] to Southern.

Trinity has bought some shares in Southern, which are traded on a matched bargain basis under Rule 535 (2), at 200p each. Mr Stevenson said Pearson did not plan to buy shares in Southern unless an agreement had been reached with its directors.

Pearson shares rose [illegible] to 706p yesterday, Reed's were unchanged [illegible] while Trinity's were steady at 243p.

UniChem joins Macarthy battle with £70m cash and shares bid

By Jane Fuller

UNICHEM, the pharmaceuticals wholesaler that transformed itself from a co-operative into a [illegible] company [illegible] year, has [illegible] the battle [illegible] Macarthy [illegible] a £70.1m bid.

The move came two [illegible] after Grampian Holdings, the [illegible] mini-conglomerate, increased its offer for the pharmaceuticals retailer and maker which includes the Savory & Moore high street chain, to nearly [illegible].

Others [illegible] auction. Macarthy said yesterday that UniChem was just one of [illegible] parties that had expressed "serious interest in making an offer" since Grampian [illegible] its [illegible] bid [illegible]. Shareholders [illegible] advised to "take no action for the time being".

[illegible] shares, which [illegible] trading [illegible] before Grampian set the ball rolling, gained 24p to close at [illegible] yesterday. UniChem's [illegible] of seven shares and 420p cash [illegible] every six Macarthy was equivalent to 252p.

UniChem's move on Macarthy is rich with irony. In [illegible] Macarthy bid unsuccessfully for UniChem and then fought its share incentive scheme for the pharmacist [illegible] it supplied.

By the [illegible] the Monopolies and Mergers Commission ruled that UniChem's scheme was anti-competitive, Macarthy had [illegible] its attempt [illegible] remain [illegible] national pharmaceuticals wholesaler.

Mr Peter Dodd, chief executive of UniChem, which is about 70 per cent owned by more than [illegible] pharmacists, [illegible] Macarthy's chemists' shops were tied into an agreement [illegible] most [illegible] their medical pharmaceuticals from Medicopharma, [illegible] Dutch buyer of Macarthy's wholesaling operation. "H[illegible], 50 per cent of the business is over the counter and not subject to the agreement."

UniChem has moved into retailing since its November flotation and £25.7m rights issue with the purchase of 18 shops for £5m.

At the end of December, it [illegible] £10.5m net cash and shareholders' funds of £81m. Mr Jeff Harris, finance director, said the £20m cash element of the deal and Macarthy's £15m debt would give group gearing of 35 to 40 per cent.

About 33m UniChem shares would have [illegible] be issued, increasing the equity by a third. Last year Macarthy made pre-tax profits of £4.6m and UniChem's offer is 22 times earnings. In the first half Macarthy grew 15 per cent.

UniChem, which has a market value of about £150m, made pre-tax profits of [illegible] in 1990.

Depositors face wait as BCMB talks fail

By Richard Waters

TALKS AIMED at saving British [illegible] Commonwealth Merchant Bank collapsed yesterday, as a result of which the bank's 7,000 personal depositors will have to wait two and half years [illegible] get all their [illegible] back, it was announced yesterday.

Mr Stephen [illegible] Ernst [illegible] Young, appointed administrator of the bank [illegible] year [illegible] the collapse of its parent, the British & Commonwealth financial services group, said negotiations to sell the bank to Charterhouse had fallen through. The [illegible] disagreed significantly over the level of provisions [illegible] against BCMB's [illegible].

Talks earlier this year to sell the bank to Cukurova, a Turkish bank, also fell through when Cukurova failed to raise [illegible] standby [illegible] facility to support [illegible] purchase.

The administrators had given Charterhouse an exclusive [illegible] period until [illegible] 30 [illegible] agreement.

About 40 BCMB staff were laid off as the [illegible] passed, and the jobs of the remaining 45 will now be lost, although a number of [illegible] will [illegible] [illegible] the administrators with the wind-down of [illegible].

The administrators expect to pay out £120m to depositors at the end of September, representing 40p in the £.

The remaining £180m [illegible] paid only [illegible] the [illegible] loan book has [illegible]. This is likely to be by December 1993, [illegible] administrators said.

[illegible] per [illegible] of BCMB's loans are to the property sector, and it is over these [illegible] the disagreement is thought mainly to have arisen.

[illegible] the [illegible] of the [illegible]tration, [illegible] BCMB's assets was £290m, giving it [illegible] comfortable cushion over the £300m it owed depositors.

Since then, [illegible] £22m provision has been made against the [illegible] on [illegible] authority swaps, [illegible] "[illegible] of millions" more [illegible] been set aside as [illegible] provision against [illegible] losses, Mr Adamson said.

However, [illegible] added that he was confident a "[illegible]" surplus still existed in [illegible] BCMB loan book and that depositors would get all of their money back.

Wheway shares drop 7p to 29p as profits decline

Wheway, environmental engineer, yesterday warned of a sharp profit fall and a cut in dividend for the current year and at the same time announced a £16.5m cash call.

The underwritten rights issue is on a one-for-one basis at 25p. The shares closed 7p lower at 29p.

Pre-tax profits for the half year ended March 31 1991 were down from £3.51m to £1.37m, and the directors said that trading for the second half looked likely to be similar.

Earnings per share were 1.3p (3.45p). The interim dividend is again 1p and a minimum final of 1p (2p) is forecast.

Sale of the remaining businesses in the industrial and building and products division was taking much longer than originally forecast. The directors have provided an extraordinary charge of £9.9m to cover the complete withdrawal from those businesses.

Cray Electronics back in the black with £3.5m

By Alan Cane

CRAY ELECTRONICS, [illegible] high technology group which made the initial bid in the takeover battle, now in its third month, for SD-Scicon, the computing services company, improved profits and cut borrowings substantially last year.

Results for the year to April 30 showed turnover down from £117m to £107m, chiefly as a consequence of disposals of non-core assets and businesses.

However, pre-tax profits were £3.51m against losses of £2.79m in the previous year. Earnings were 2.5p (losses of 2.8p). No dividend is proposed.

The results exceeded predictions of profits of not less than £3.2m and earnings of 2.2p made in the offer document for SD-Scicon in May.

Cray achieved notoriety in 1989 when it had to change its accounting policies, revealing that the previous two years' profits had been overstated.

New [illegible] under Sir Peter Michael was installed and yesterday's results represented the first full year's figures under [illegible].

The balance sheet has been strengthened [illegible] show net current [illegible] of £14.6m compared with net current liabilities of £3.1m last year. Gearing is now 120 per cent, about half last year's level.

Sir Peter said that orders in the past three months were ahead of the same period last year but the recession remained the principal factor limiting growth.

He said that the offer for SD-[illegible] showed the [illegible] willing and able to expand by [illegible].

Cray's all-share [illegible] remains on the table but has been superseded by a superior cash offer from Electronic Data Systems of the US.

See Lex

P-E makes £9.4m agreed offer for Handley-Walker

P-E International, the management and computer consultancy group is making its third acquisition in the past year via an agreed offer for Handley-Walker Group, the USM-quoted management consultant, writes Nigel Clark.

With P-E shares closing at [illegible] 8p, the 7-for-10 share-exchange [illegible] each Handley share at 130p, or a total of £9.4m. Handley's directors and certain other shareholders representing 34.6 [illegible] of the [illegible] undertaken to accept. Handley shares closed at 117p, up 27p.

Handley reported pre-tax profits of £1.38m in 1990 on turnover of [illegible]. Net tangible assets were £3.3m. The company is expected to make £1.7m in [illegible] current year.

In 1990 P-E made £4.2m pre-tax on turnover of £65m with net assets of £13.8m. For the present year profits of between £5m and £5.3m are anticipated.

Leica to revert to private status through 70p offer

By Richard Gourlay

MR STEPHEN Schmidheiny, one of the world's richest men, is to take Leica private a little more than a year [illegible] Swiss optics and camera group reversed into Cambridge Instruments, [illegible] high-tech [illegible] from the National Enterprise Board.

Form-Feed [illegible] lands, which with another [illegible] Mr Schmidheiny's holding companies, [illegible]tec of Switzerland, controls 87.8 per cent of Leica, is to pay 70p per share for the [illegible] of the company.

The offer has been [illegible]mended by independent Leica directors and its financial advisers, James Capel.

Mr Karl Kalbag, Leica finance director, said the group needed new [illegible] strengthen the balance sheet and that [illegible] little [illegible] in having a public quotation when so little stock could be traded.

The time and money spent running [illegible] public [illegible] could better be used on the restructuring [illegible] that started after Cambridge and Wild Leitz merged last April [illegible] form Leica.

Mr Schmidheiny, who with his brother is [illegible] to preside over [illegible] multi-billion dollar empire, [illegible] large but non-controlling interests in Asea Brown Boveri, the Swedish-[illegible] engineering group, and SMH, the maker of Omega and [illegible] watches, [illegible].

Mr Kalbag [illegible] he hoped Leica would return to one or more [illegible] markets in a strengthened form. "It has always been Mr Schmidheiny's intention not to have a majority in Leica, let alone 100 per cent," he said.

Mr Schmidheiny [illegible] his stake in the company to above 70 per cent as a result of the merger with Cambridge, and increased it further after buying out Mr Terence Gooding, Cambridge's founder.

Leica yesterday reported [illegible] fall in pre-tax profits from [illegible] to £1.66m in the year to March 31 on [illegible] quadrupled [illegible] reflecting [illegible] merger with Cambridge.

Earnings per share fell from [illegible] to 0.37p [illegible] there is no [illegible] dividend, leaving the total for the [illegible] 0.28p, [illegible] from [illegible].

Interest rose from [illegible] to [illegible] the company continued [illegible] face substantial rationalisation costs that offset efforts to reduce debt.

MEPs try to block summer raid on ICI

By David Buchan in Brussels and Robert Peston in London

THE EUROPEAN Parliament yesterday urged the European Commission to stretch [illegible] examination [illegible] any bid by Hanson for ICI to [illegible] maximum of four months [illegible] order to pr[illegible] Lord Hanson trying to take over the UK chemicals company in a surprise summer raid.

In a resolution, passed by 133 votes, with 33 against and 51 abstentions, the Parliament asked the Commission not to permit any [illegible] of ICI by Hanson on [illegible] of one month's summary review. According to last year's EC merger rules, Brussels has one month for its initial scrutiny of a merger, [illegible] four months if it has "serious doubts" about a tak[illegible]'s effect on competition.

The worry of British Labour MEPs is that by timing a bid for ICI when the European and national legislatures are in [illegible], Hanson might be able to sidestep the political [illegible]tion.

In a debate in which Italian and French MEPs also spoke, Mr Rolf Linkohr (German socialist) warned that a takeover by Hanson would be catastrophic for ICI, which could be sold piecemeal to the Japanese.

But Mr Bryan Cassidy appeared to speak for [illegible] Conservative MEPs in complaining that the motion made ICI seem [illegible] continental Europeans like [illegible] weak company that could not stand on its feet in taking on Hanson.

● ICI yesterday made its first acquisition since announcing its wholesale reorganisation in February. It is buying Continental Polymers, a California-based manufacturer [illegible] acrylic polymer and sheet.

ICI said Continental was profitable and had annual sales in excess [illegible] £30m. However, it refused to disclose the purchase price.

DIVIDENDS ANNOUNCED

	Current payment	Date of [illegible]	Corres-ponding dividend	Total for [illegible]	Total [illegible]
[illegible] ....fin	[illegible]	Oct 3	2.95	[illegible]	[illegible]
Cabra Estates ....fin	nil	-	nil	0.1	[illegible]
Clarke Foods § ....int	0.75	Aug 9	[illegible]	-	2
Domino Printing ....int	2.1	Sept 2	[illegible]	-	[illegible]
Greene King ....fin	7.5	Aug 29	6.9	10.8	9.8
Jurys Hotel ....fin	3♣	Sept 3	3	5†	5
Leica ....fin	nil	-	0.66	0.28	0.94
Morris Ashby ....fin	2.4	Oct 1	2.4	4.1	4.1
Park Food ....fin	5.7	Sept 25	4.35	8	6.3
Rank Orgn ....int	10.25	Sept 23	10.25	-	31
Symonds Eng ....fin	0.7	-	[illegible]	1	[illegible]
Torex Hire § ....int	nil	-	0.8	-	1.6
TR Technology ....fin	1.75	Aug [illegible]	1.6	2.2‡‡	2
Wheway ....int	1‡	Oct 3	1	-	3

[illegible] shown pence per share net except where otherwise stated. *Equivalent after allowing [illegible] scrip issue. [illegible] capital increased by rights and/or acquisition issues. §USM stock. ‡Minimum final [illegible] 1p [illegible] forecast. ♣Irish currency. ‡‡Includes special 0.45p payment.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

[illegible]	Pool purchase price £/MWh ([illegible] Price for Trading on 12.07.91)	Pool purchase price £/MWh (Final Prices for Trading on 14.06.91)	Pool selling price £/MWh (Final Prices for Trading on 14.06.91)
[illegible]	18.61	17.92	18.78
01[illegible]	15.92	17.92	18.78
0130	15.84	17.32	18.77
0200	15.84	17.92	18.77
[illegible]	[illegible]	17.92	[illegible]
[illegible]	[illegible]	16.10	[illegible]
[illegible]	[illegible]	16.19	[illegible]
[illegible]	[illegible]	16.19	16.19
[illegible]	15.84	16.19	16.19
[illegible]	15.84	[illegible]	16.10
[illegible]	[illegible]	16.10	16.10
[illegible]	[illegible]	16.10	16.10
0630	[illegible]	16.09	[illegible]
0700	[illegible]	18.07	[illegible]
0730	18.80	20.01	[illegible]
[illegible]	19.04	21.43	[illegible]
[illegible]	20.82	22.12	33.39
[illegible]	[illegible]	23.56	26.15
0900	[illegible]	24.74	28.61
[illegible]	20.97	25.52	27.95
[illegible]	20.83	25.64	[illegible]
1100	[illegible]	28.21	[illegible]
1130	[illegible]	27.07	29.47
[illegible]	[illegible]	53.45	[illegible]
[illegible]	[illegible]	51.57	[illegible]
[illegible]	[illegible]	24.35	25.98
1330	[illegible]	[illegible]	23.17
1400	[illegible]	[illegible]	22.31
1430	19.44	21.08	22.63
1500	19.14	21.05	21.98
1530	19.14	20.77	21.69
1600	20.80	21.04	21.98
1630	20.80	21.06	21.88
1700	20.80	46.89	48.41
1730	20.80	46.87	48.39
1800	20.80	21.02	21.94
1830	19.59	20.11	21.02
1900	18.37	19.21	20.10
1930	18.35	19.21	20.10
2000	18.26	18.79	19.58
2030	17.91	18.41	19.29
2100	17.91	18.41	19.28
2130	17.91	18.41	19.28
2200	18.54	50.91	52.67
2230	18.54	50.73	52.50
2300	18.54	18.41	19.29
2330	19.53	18.41	19.29
2400	19.53	18.03	18.81

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal po[illegible] moved one place to the left, [illegible] becomes 1.860p/KWh. Provi[illegible] of pool prices is made in the [illegible] and Settlement Agre[illegible] govern the operation of the [illegible] England and Wales. The Pool [illegible] is the basis of the majority of [illegible] to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

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FT LAW REPORTS

Shipowners to be sued in Germany

THE REWIA
Court [redacted] Appeal (Lord Justice Dillon, Lord Justice Nicholls and Lord Justice Leggatt): June 20 1991

BILLS OF [redacted] issued in liner form on charterers' headed paper and signed by charterers' agents "for" the master as authorised under the charterparty, are shipowners', not charterers' bills, unless the contract of carriage was made with the charterers alone. Accordingly, the shipowners, as parties to the contract of carriage, are [redacted] to rely [redacted] its terms, so [redacted] where [redacted] are domiciled [redacted] which is party [redacted] the Jurisdiction and Judgments Convention 1968, the com[redacted] of the convention and a contractual jurisdiction clause is that [redacted] jurisdiction of the courts specified in that clause is exclusive.

The [redacted] Appeal [redacted] held when allowing an [redacted] by Rewia Shipping Co, owners [redacted] the Rewia, from Mr Justice Sheen's decision dismissing their application [redacted] aside [redacted] writ served on them [redacted] of the jurisdiction as third [redacted] an action by cargo-owners against sub-charterers, Caribbean Liners (Caribtainer) Ltd, and three other defendants.

LORD JUSTICE LEGGATT said that [redacted] cargo-owners claimed for [redacted] and damage to [redacted] cargo of nutmegs [redacted] mace shipped in July [redacted] aboard [redacted]

The [redacted] made [redacted] the sub-charterers and/or the shipowners under [redacted] of carriage [redacted] in bills [redacted] lading.

The shipowners claimed that they, [redacted] the sub-charterers, [redacted] bill of lading contracts, and were therefore entitled [redacted] rely on [redacted]

Clause 3 [redacted] bills [redacted] lading provided [redacted] any dispute [redacted]ing [redacted] the bill of lading should be [redacted] in [redacted] country "where the carrier has its principal place of business."

The shipowners [redacted] their principal [redacted] of business was Hamburg. On [redacted] footing they contended that the [redacted] was obliged by article 17 [redacted] the Jurisdiction [redacted] Judgments Convention 1968 to decline jurisdiction.

Article 17 provided that where parties, [redacted] or more [redacted] whom was domiciled in [redacted]tracting state, had agreed that [redacted] courts [redacted] contracting state were to [redacted] jurisdiction, [redacted] jurisdiction [redacted] should be [redacted]

Mr Justice Sheen found [redacted] though the shipowners' domicil was in [redacted] Germany, their principal place [redacted] business was [redacted] Kong.

The [redacted] on the appeal were [redacted] *alia* (1) whether the shipowners were parties to the bills of lading; and (2) whether their principal place of business [redacted] in [redacted] Germany.

Article 2 of the convention provided [redacted] "subject [redacted] provisions of this convention" persons domiciled [redacted] a contracting [redacted] should [redacted] sued in the courts of that [redacted]

It followed [redacted] the [redacted] could [redacted] that [redacted] applied, [redacted] shipowners could not [redacted] sued in the UK, but must be sued in [redacted] Germany.

Article 6 provided [redacted] a person [redacted] in [redacted] contracting state might [redacted] be sued "(1) where he is one of a number of [redacted], in [redacted] courts of [redacted] place where any one of them is domiciled".

To rely on article 6 the cargo-owners would have to show there was [redacted] real issue as to [redacted] the sub-charterers [redacted] the obligations of "the carriers" under the bills of lading.

Mr [redacted] Sheen [redacted] the [redacted] on [redacted] sub-charterers' standard form with no indication [redacted] they [redacted] not the carriers; and that, according [redacted] cargo-owners, [redacted] riage [redacted] orally by [redacted] with the sub-charterers' [redacted] agents [redacted] time when [redacted] that Rewia [redacted] on [redacted]

He [redacted] clearly arguable [redacted] ship[redacted] con[redacted] with [redacted] sub-charterers and that the sub-charterers had assumed the responsibilities of the carrier.

The time charter was made in Hamburg in New York Produce Exchange form. Clause 8 provided that the captain was to sign bills of lading.

Clause 53 provided that "it is understood that the master will authorise charterers, or their agents, to sign bills of lading on his behalf".

The bills of lading were liner bills, with the names of the cargo-owners printed [redacted] head. They stated that in accepting the bill the merchant agreed [redacted] its stipulations, "in witness whereof the master ... has signed the ... bills of lading".

In [redacted] bill, under the printed words "For the master" appeared the stamp of the sub-charterers' local agents surmounted by [redacted] indecipherable signature. [redacted] clause [redacted] of [redacted] charter they had authority to sign for the master.

The [redacted] contended [redacted] if bills signed "for" the [redacted] were issued in liner form, [redacted] if the shippers did [redacted] know the vessel [redacted] char[redacted] or that anyone [redacted] signing for the line, in [redacted] to [redacted] contrary the bills [redacted] charterers' bills.

[redacted] *Charterparties*, [redacted] *ed* [redacted] that [redacted] question of whether a bill [redacted] a contract [redacted] the shipowner or the charterer [redacted] one of [redacted] difficulty. It [redacted] *11* [redacted] *115,125* [redacted] which [redacted] "the authorities appear conflicting, but ... the question [redacted] really [redacted] question of fact".

Scrutton continued, saying that if a charter [redacted] not [redacted] demise, [redacted] of lading signed by [redacted] master" [redacted] usually [redacted] contract [redacted] shipowners. It [redacted] dictum of Mr Justice [redacted] *Wehner v* [redacted] *[1905]* [redacted] "In ordinary cases, [redacted] the charterparty [redacted] amount [redacted] of [redacted] ship ... the rule is that [redacted] in the bill [redacted] made, [redacted] with the charterers, but [redacted] ers."

There [redacted] in *Scrut*[redacted] given [redacted] controversy: "However, although [redacted] the owner's servant, [redacted] signature [redacted] bind the [redacted] and not [redacted] owner."

When [redacted] original editor [redacted] he might have [redacted] authority only [redacted] *Huddersfield (1903)* [redacted] There [redacted] did not sign [redacted] master, [redacted] Mr Justice Walton [redacted] that "under [redacted] whole circum[redacted] of the [redacted] contract ... was [redacted] the *shipowners*".

To [redacted] 79, in [redacted] *Har*[redacted] cited, a passage had since been added: "see too [redacted] *Dene* ...; *Wiltson v Wier (1925)* [redacted] *111;* ... *Paterson Zochonis (1922)* ... *Zwilchenbart(1854)* ... *The Venezuela[1980]* ...".

The law was correctly [redacted] by Mr Justice Channell [redacted] That formulation had never [redacted] doubted.

[redacted] of the present [redacted] indistinguishable [redacted] *Wiltson*, [redacted] which it was held that bills on charterers' printed [redacted] "for" [redacted] master, [redacted] bills. [redacted] decision had [redacted] been doubted.

[redacted] in *Scrutton* [redacted] note [redacted] appended was [redacted] misleading.

Zwilchenbart depended on the fact [redacted] there [redacted] no evidence of a contract between [redacted] consignee. [redacted] relied on in the present [redacted] by [redacted] counsel.

If Mr Justice Walton in [redacted] had [redacted] benefit of the [redacted] subsequently decided, [redacted] been unlikely to regard them [redacted] "to [redacted] conflicting".

They [redacted] all of a pattern.

They supported the conclu[redacted] of lading signed for the [redacted] could not [redacted] a charterers' bill unless the [redacted] with the char[redacted] alone, [redacted] the person signing [redacted] authority to sign [redacted] sign [redacted] behalf of the [redacted] owners.

Accordingly, [redacted] bills of lading [redacted] present case were shipowners' bills. The cargo-[redacted] against [redacted] sub-charterers. Article 6 [redacted] therefore [redacted] be complied [redacted] relation [redacted] shipowners. [redacted] cargo-owners' case against [redacted]

[redacted] principal place [redacted] business, [redacted] present con[redacted] well [redacted] generally, "principal" [redacted] "chief" or "most important". The principal place of [redacted] was [redacted] necessarily [redacted] place [redacted]

[redacted] necessary to determine [redacted] matter, [redacted] ship-owners' principal place of [redacted]ness was [redacted] Hong Kong [redacted] day-to-day management [redacted] conducted, [redacted] Hamburg [redacted] company's [redacted]ment [redacted] control [redacted] exercised.

The appeal was [redacted]

[redacted] lordships [redacted] concurring judgments.

For [redacted] *shipowners: Jonathan Gaisman and Christopher Butcher (Richards Butler)*

For the [redacted] *thy Saloman and* [redacted] *Southern* [redacted]

Rachel Davies
[redacted]

COMMODITIES AND AGRICULTURE

Hopes rise for settlement of Chilean copper strike

By Pablo Bachelet in Santiago

AN EARLY end to the 11-day strike at Chile's Chuquicamata copper mine was forecast yesterday by Mr Alejandro Noemi, chief executive of Codelco, the Chilean state copper corporation, which operates the mine. "I expect a solution to the conflict within 48 hours," he said as management and unions met face-to-face for the first time since the beginning of the stoppage.

Mr Noemi, who has not participated directly in talks with the unions, said the company was working on a new contract proposal that would "link salary increases [illegible] future increases in productivity and a lowering of costs".

The chief executive flew yesterday to Chuquicamata, about 940 miles north of Santiago, to attend a special celebration of the 20th anniversary of Codelco's nationalisation, specially invited by unions. Given the symbolic importance of the date to the workers, traders were suggesting a solution to the strike might be reached last night.

Mr Noemi's statement was the first sign of optimism from the management since 7,500 of the mine's 11,000 workforce started the first legal strike at the mine in [illegible] on July 1. Production [illegible] Chuquicamata, the world's [illegible] copper mine, producing [illegible] a day or about 8 per cent of western world output, has been virtually halted as a result.

The unions, which have steadfastly refused any company offer that does not include a real increase in wages, say they are willing to discuss the idea of relating wage increases to productivity "when we see the specifics of the offer", according to Mr Herman Santelices, head of the union negotiating [illegible].

[illegible] pointed out, however, that workers had already put up their [illegible] of productivity increases, lifting output from the 800,000 tonnes produced in 1977 by 31,000 workers to 1.1m tonnes by the current 26,000-strong workforce.

"We will not let workers foot the cost of poor income distribution and bad administration within Codelco," he added. Nevertheless, traders and analysts say the fact that unions are open to the company suggestion implies that a breakthrough in talks is imminent.

Codelco has four mines that together produce 1.2m tonnes, mostly in the form of cathodes. The company's second biggest mine, El Teniente, is also facing contract renewal negotiations and a strike vote there is scheduled at the end of the month.

Similar votes are due at Andina and Salvador, Codelco's other mines, at the end of August. The outcome of the Chuquicamata negotiation is crucial in determining the course of the talks at the other divisions, traders say.

Sharp fall forecast in Soviet oil exports

By John Lloyd in Moscow

MR VLADIMIR Shcherbakov, the Soviet first deputy Prime Minister, warned yesterday that Soviet oil exports for next year were likely to be at least 25 per cent down on the current year. He added that – "according to pessimistic forecasts, the fall could be several times more than that."

The level for this year has recently been estimated by independent Soviet forecasters at some 2.4m barrels a day, a level which is itself 600,000 tonnes below last year's export level.

Mr Shcherbakov said that to keep the 1992 exports at the same level as this year would require the fulfilment of an emergency government programme of investment and extra pay for oil workers. He blamed the "grave" state of the industry, the Soviet Union's main, if dwindling, source [illegible] hard currency, on "faulty actions undertaken three to four [illegible]. We ourselves plunged [illegible] industries into [illegible] conditions. [illegible] been [illegible] for stabilising them including financial, material and hard currency resources." At the same time, [illegible] Oil [illegible] Gas Ministry is preparing a [illegible] of measures designed [illegible] attract further foreign [illegible] in the industry.

Total production of the Soviet oil fields this year has been estimated by Mr Anatoly Dmitrievsky, director of the Oil and Gas Institute at the Academy of Sciences, at not more than 528m tonnes – down from 570m tonnes last year and 624m tonnes in 1989. The main problem [illegible] lack of modern equipment, particularly pumps and [illegible], as increasingly [illegible] wells require increasingly advanced technology.

Mr Eugene Khartukov, [illegible] Soviet [illegible] forecaster, [illegible] month said that the levels reached in 1990 would be unlikely to be reached again before 2000. He warned that a failure to embrace [illegible] reform could leave the Soviet Union as [illegible] net importer of oil by [illegible] mid-1990s.

Ghana revives Gold Coast image

William Keeling surveys a growing list of development projects

RESIDENTS OF the Ghanaian mining town of Obuasi are be alarmed [illegible] crisis that has engulfed Goldfields. Despite [illegible] recent injection of cash, [illegible] round of redundancies [illegible] been announced and its ex-patriate manager, Mr Jimmy Meadows, is threatening to resign. The future looks bleak. But that's football for [illegible].

For the Goldfields football club's owner, the Ashanti Goldfields Corporation, the outlook is much brighter. With April production reaching [illegible] monthly record of 55,500 troy ounces the company is leading the revival of the gold industry in Ghana, which has seen national production rise from 283,000 ounces in 1983 to 541,408 ounces last year. As new companies come on stream, production is expected to exceed 700,000 ounces this year and to be pushing 900,000 in 1992.

Entrants [illegible] the industry include the 100,000-ounces-a-[illegible] Teberebie Goldfields, and the 120,000-ounces-a-year [illegible]dian Bogosu Resources. The [illegible] majority-owned by Pioneer Incorporated [illegible] Boston, [illegible] mining low-grade deposits of about 1.9 grammes per tonne and is using the heap-leach [illegible] [illegible] extract the gold. Investment commited [illegible] the mine totals about $45m, which [illegible] been supported by a loan [illegible] the US government-owned Overseas Private Investment Corporation.

Production this year is expected to be about 65,000 ounces, with the mine attaining full capacity in the last quarter of the year.

CBR is owned by Billiton International Metals (74 per cent), the International Finance Corporation (16 per cent) and the government (10 [illegible] cent). On the back of investment totalling over $90m, the company began operations last November, although teething problems are being experienced and output is below expectations.

The giant of the gold-industry remains AGC, owned by Lonrho (45 per cent) and the government (55 per cent), in which $250m of new investment has been made in the past eight years.

Since early 1990, the company has embarked on surface mining which will account for 40 per [illegible] of production this year. [illegible] a total of [illegible] tonnes of ore being surface-mined each month, [illegible] third [illegible] treated by the heap-leach process while [illegible] processed in [illegible] oxide ore plant, which was commissioned [illegible] April.

By September the [illegible]ment hope [illegible] present a proposal for [illegible] $200m expansion programme [illegible] its underground mine. The programme will include the re-mining of rock used [illegible] in-fill previous [illegible]tions. At the time that it was discarded the technology [illegible] not available profitably [illegible] process this material, which [illegible] gold [illegible] to nine grammes [illegible].

The [illegible] intends [illegible] mechanise [illegible] operations, which will entail [illegible] further slimming [illegible] 10,000-strong [illegible] year's production [illegible] of [illegible] is almost certain [illegible] be [illegible] and [illegible] has [illegible] its [illegible] reach 1m ounces.

More players are expected in [illegible] industry [illegible]. Government [illegible] report that Ghana Australia Goldfields, which is majority-owned by Golden Shamrock of Australia, has just completed its finance for a 100,000-ounces-a-year mine to start operation in the middle of next year. A handful of small mines, with production of up to 25,000 ounces each a year, are also on the cards and a feasibility study is expected from Cluff Resources, although the potential capacity of the mine or the source of finance are unknown. There is also talk of the Konongo concession being taken over from Southern Cross Mining, which Government officials say is experiencing finance problems.

The potential [illegible] the three state-owned gold [illegible] remains dormant. Government officials say that an agreement has been reached to transfer 80 [illegible] cent ownership [illegible] the Pres[illegible] underground mine [illegible] Arimco of Australia. The mine, which [illegible] year produced [illegible] ounces, would be expan[illegible] [illegible] include surface operations. [illegible] serious proposals, however, have [illegible] received for [illegible] Dunkwa alluvial mine [illegible] underground mine.

Banks sue French coal company over Canadian mine guarantee

By Bernard Simon in Toronto

A GROUP of 56 international banks has become embroiled in [illegible] dispute with Charbonnages [illegible] over [illegible] government-[illegible] company's [illegible] to honour [illegible] guarantee [illegible] troubled Quintette [illegible] mine in [illegible] British Columbia.

The banks, led by Bank of Montreal and [illegible] Imperial Bank of Commerce, have already secured an order from the British Columbia Supreme Court enforcing the US$9.4m guarantee. But Charbonnages de France has appealed against the ruling. The French company has also filed a statement of defence [illegible] case brought by [illegible] banks. CF's subsidiary Charbonnages de France International has a 12 per cent equity stake in Quintette, which [illegible] built eight years ago [illegible] supply metallurgical coal to Japanese steel mills. As [illegible] of the financing arrangements, [illegible] provided unconditional guarantees on [illegible] large portion of the mine's C$640m (£345m).

Quintette has been plagued almost since its inception by financial problems caused by high production and transport costs and sagging coal prices. A dispute with its [illegible] over prices culminated in a court order in June 1990 freezing the mine's financial obligations.

All [illegible] other shareholders, which include 12 Japanese [illegible] companies and Toronto-based Denison Mines, have honoured their guarantees to the banks. Quintette [illegible] continued [illegible] service [illegible] portion of the debt until the mine [illegible] brought under the protection of the [illegible] last year.

[illegible] that has marked [illegible] turbulent history has delayed [illegible] implementation of an [illegible] reached [illegible] March to transfer management of the mine from Denison Mines to Teck Corporation of Vancouver.

Denison is understood to have asked the steel mills for a "legal release" absolving it from all future claims over management of the mine during its troubled eight-year stewardship. One industry [illegible] "[illegible] wants to leave without the threat [illegible] a lawsuit or [illegible] threat of mismanagement. It [illegible] insisted that everyone sign off that it won't be sued".

The issue is expected to be resolved within the next few weeks. The [illegible] approved the transfer [illegible] the management contract to Teck.

Among Teck's early priorities when it takes over will be a restructuring of the Quintette debt. Earlier proposals by Denison were rejected both by the banks and the Japanese steelmakers.

Philippines eruption fails to smother rice production hopes

By Greg Hutchinson in Manila

RICE SELF-sufficiency is said to be within the reach of the Philippines, in spite of extensive damage caused to croplands in central Luzon by the eruption of Mount Pinatubo.

Mr Senen Bacani, the agriculture secretary, said he did not expect the country to import [illegible] year. That would be a rarity for a country [illegible] consumption to outpace production [illegible] a [illegible].

He said there was a rice stock equivalent [illegible] three [illegible] consumption, which should be a sufficient buffer against the damage caused by fall-out from the eruption. Ash, mud [illegible] rock has badly affected about [illegible] hectares [illegible] crop land and destroyed [illegible] further 10,[illegible] [illegible] orchards and [illegible].

Production of Palay (unhusked rice) is forecast by the agriculture department to be about 10m tonnes for the crop year ending [illegible] 1991, a rise of 14 per cent over 1989-90 and 7 per cent above that of the previous [illegible] year, 1988-89, when about 9.5m tonnes was harvested.

"This hefty improvement is made possible by the record October-December [illegible] 1990. The 4.6m [illegible] harvested is the largest wet season harvest in the country's history. The January-March 1991 crop is likewise the largest January-March crop ever," [illegible] report by the department [illegible]. The department attributed the record [illegible] to its "Rice Action Programme", and particularly the provision of subsidies for fertilisers. The report, entitled Rice Prospects for 1991, said, however, [illegible] government, would have to "prop up" farm [illegible] prices, further [illegible] inputs and announce that there would be no imports this year so the gains in rice productivity [illegible] be sustained.

The announcement [illegible] there would be no imports has been repeated frequently by Mr Bacani since the volcano erupted. The problem [illegible] analysts in assessing the prospects for [illegible] self-sufficiency is that the determination to avoid imports has become government policy and there may be an interest in playing down the effects of the eruption on rice production. The report said that the ruling out of imports would serve to raise farm gate prices and encourage farmers to plant more.

Actual crop and livestock damage from the volcano, which continues to spew out [illegible] been put so far at P423.68m ($15.3m).

The badly affected provinces of Bataan, Pampanga, Tarlac and Zambales account for 6 per cent of the country's total rice production. Visitors [illegible] area, particularly western Zambales, see destroyed rice fields [illegible] miles and miles. In [illegible] foothills [illegible] Pinatubo there [illegible] huge glacier-like formation poised [illegible] Marcelino-San Antonio-San Narciso region.

The [illegible] the 80,000 [illegible] of ash- and [illegible] cropland will [illegible] P1bn, according [illegible] the agriculture secretary. About 50,000 farmers were affected, he said.

Mr Bacani expressed uncer[illegible] whether the new chemical properties of the soil would allow rice to be cultivated on the affected fields.

There is a list of 40 substitute crops, he said.

Mr Bacani said the lands affected were also threatened by lahar (mud-flows). "We don't know to what extent some of these lands can be damaged because these mud-flows are still there."

He added: "As they spill over there will be more damage."

Rainstorms have sparked the first mud-flows, and volcanologists have warned that lands as far as 60 km (37 miles) from the volcano are in danger of being buried.

Mr Bacani said a further 10,000 hectares or more of cropland and orchards already covered by metres of volcanic material was unsalvageable.

Lower Chinese harvest forecast

CHINA'S WHEAT production for [illegible] marketing [illegible] is expected [illegible] drop to 93m [illegible] because [illegible] crop damage from excessive rain in key wheat producing [illegible], a US Department [illegible] Agriculture [illegible] reports Reuters from Washington.

In a field report from Beijing, the attache said heaviest losses were reported in provinces that expected record or near record production prior to the onset on rains in mid-May.

The USDA in its June 11 world supply and demand report put China's [illegible] production at 95m tonnes. Record production in the Sichuan province, reported [illegible] 7.45m [illegible] estimated production for Shandong province of more than 17m tonnes kept the total wheat output from being even lower, the attache wrote.

CORRECTIONS

Cornish tin

CARNON HOLDINGS' mine at South Crofty, Cornwall, is producing tin at an annual rate of about 2,500 tonnes; output figures given on this page yesterday referred to Carnon's production of tin concentrates.

Australian wool

The Australian Wool Realisation Commission has disposed of almost 1 per cent of the 4.7m-bale stockpile, not 9 per cent as stated in a headline yesterday.

Sugar market strength is intriguing, says broker

By David Blackwell

THE RECENT strength of the sugar market is intriguing considering the sharp upward revi[illegible] of crop forecasts and the fact that world stocks are climbing again, according to [illegible]nikow, the London trader.

Prices tend to rise in the third quarter [illegible] supplies tighten in the period between crops. This year supplies in the Far East have been particularly tight, while the market received a boost from technical factors linked to the expiry [illegible] the July contract in New York.

Since the July contract's expiry sugar for the Far East has attracted good premiums. "It remains to be seen whether such premiums will be sufficient to [illegible] western hemisphere origins over to Far East destinations, especially as more of the southern hemisphere crops come on stream," says Czarnikow in its latest sugar review.

Earlier this week E.D. [illegible] F. Man, another London trader, revised its estimate for world sugar production [illegible] to 4.2m tonnes from [illegible] May forecast of 4.6m tonnes, mainly because of a reduction in the expected Cuban crop to 7.55m [illegible].

Man believes the pressure of surplus production on prices has so far been retarded "but as exporters venture into the market later in the year, the downward slide in [illegible] be renewed".

WORLD COMMODITIES PRICES

MARKET REPORT

[illegible] fell [illegible] the London bullion market yesterday on long liquidation after [illegible] repeated failure [illegible] in the $372-$373 [illegible] troy ounce [illegible] in spite [illegible] flurry [illegible] bullish reports. "People are getting [illegible] the [illegible] just tipping out a bit," [illegible] said. [illegible] midday on [illegible] gold futures had recovered some early [illegible] made [illegible] silver [illegible] by more than [illegible]. Nymex platinum futures were [illegible] midday, awaiting news from [illegible] that could affect the use of platinum [illegible] catalytic [illegible]. The oil company is soon expected to announce progress in [illegible] develop a [illegible] gasoline. [illegible] speculate [illegible] a product [illegible] the [illegible] for platinum in catalytic [illegible]. On the LME nickel prices again closed ahead, with three-month [illegible] $8,800 a [illegible] trend [illegible] prompted by overnight news [illegible] Mining [illegible] threatened to cut output at its Kambalda nickel complex if new [illegible] practices [illegible] unions. [illegible] are [illegible] waiting [illegible] if [illegible] LME will [illegible] any action on August supply tightness following [illegible] request [illegible] to submit [illegible].

Compiled from [illegible]

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	[illegible]	-0.05
Brent Blend (dated)	[illegible]	
Brent Blend (Aug)	[illegible]	[illegible]
W.T.I. (1 pm [illegible])	[illegible]	[illegible]
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$240-242	
[illegible] Oil	$184-185	+1
Heavy Fuel Oil	$66-68	+1
Naphtha	$183-186	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$367.95	-2.70
Silver (per troy oz)♣	440.50	-6.50
Platinum (per troy oz)	$374.00	-8.90
Palladium (per troy oz)	$94.75	-1.25
Aluminium (free market)	Unq.	
Copper (US Producer)	104.0c	-2.0
[illegible] Producer)	60c	
Nickel (free market)	Unq.	
Tin ([illegible] Lumpur market)	15.40r	[illegible]
Tin (New York)	263c	
Zinc (US Prime Western)	[illegible]	
Cattle [illegible] weight)††	112.34p	+1.69*
[illegible] weight)†	121.61p	-12.59
Pigs (live weight)†	[illegible]	[illegible]
London daily sugar (raw)	[illegible]	-1
London daily sugar (white)	$321	-2
Tate and Lyle export price	£288	
Barley (English feed)	£109.75	
Maize (US No. 3 yellow)	£152	
Wheat (US Dark Northern)	£100	
Rubber [illegible]	64.75p	+0.25
[illegible] (Sep)♥	65.25p	+0.25
[illegible] (KL RSS No 1 Aug)	230.5m	
Coconut oil (Philippines)§	$505.0x	+2.5
Palm Oil (Malaysian)§	$332.0	-5.5
Copra (Philippines)§	$322.5z	
Soyabeans (US)	£150	
Cotton "A" [illegible]	80.95c	[illegible]
[illegible] (64s Super)	387p	

[illegible] tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Jul/Sep u-Jul x-Jul/Aug [illegible] z-Aug. †Meat Commission average fatstock prices. * change from a week [illegible] physical market. [illegible]. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
[illegible]	[illegible]	[illegible]	High/Low	
Aug	241.00	245.00	243.00	240.00
Oct	208.60	208.60	207.00	204.40
Dec	[illegible]	197.00	193.20	
Mar	[illegible]	193.00	192.00	190.60
[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	
Oct	201.00		[illegible]	198.60
White	Close	[illegible]	High/Low	
Aug	318.0	[illegible]	319.0	317.0
Oct	[illegible]	275.0	[illegible]	
Mar	270.0	[illegible]	268.0	267.5
May	272.5	272.5	270.0	
Aug	276.0		272.5	272.0

Turnover: Raw 603 (1531) lots of 50 tonnes. White 288 (1715)
Paris- White (FFr per tonne): Oct 1710

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Aug	19.29	19.43	19.41	19.27
Sep	19.32	19.47	19.45	19.31
Oct	19.40	19.53	19.46	19.37
Nov	[illegible]	19.57	[illegible]	19.36
Dec	[illegible]	19.40	19.39	[illegible]
Jan	19.32	19.33	[illegible]	[illegible]
IPE Index	19.37	19.20		

Turnover 14605 (10501)

GAS OIL – IPE			$/tonne	
	[illegible]	[illegible]	[illegible]	
Jul	182.00	182.00	184.25	180.00
[illegible]	180.75	[illegible]	182.00	[illegible]
[illegible]	[illegible]	[illegible]	183.50	180.25
Oct	[illegible]	[illegible]	183.75	181.75
[illegible]	[illegible]	184.50	185.50	[illegible]
Dec	[illegible]	185.50	186.00	184.50
Jan	182.75	182.25	183.00	182.00
Feb	178.00	177.75	178.25	178.00
[illegible]	172.75		174.00	172.75

Turnover 13593 (13352) lots of 100 tonnes

FRUIT & VEGETABLES

Warm weather has led [illegible] superb [illegible] 50-55p [illegible] lb, reports the FFVIB. Gooseberries are 60-70p a lb and raspberries 50-75p a quarter pound. Grapefruit are plentiful at 45-60p each for pink varieties and white at 25-35p each. Cauliflower at 45-65p each is a great vegetable buy along with Primo cabbage at 30-45p a lb and English carrots at 22-30p a lb. Peas are 45-60p a lb and new crop English potatoes 12-20p a lb. Most salads are good this week with Spring onions 25-30p a bunch, tomatoes at 55-65p a lb, Round lettuce 25-35p each and Iceberg lettuce are 60-70p each.

COCOA – London FOX			[illegible]	
	[illegible]	[illegible]	High/Low	
Jul	590	572	573	569
[illegible]	604	587	604	598
[illegible]	647	[illegible]	647	632
Mar	686	675	[illegible]	
May	710	700	709	698
Jul	730	721	730	719
[illegible]	752	741	750	[illegible]

[illegible] (4277) [illegible]
[illegible] indicator prices (SDRs per tonne). Daily price for Jul 10 [illegible] day average for Jul 11 752.38 (764.87)

COFFEE – London FOX			[illegible]	
	[illegible]	[illegible]	High/Low	
Jul	560	[illegible]	[illegible]	
Sep	572	[illegible]	573	562
[illegible]	590	589	592	584
Jan	609	608	610	604
Mar	625	623	625	620

[illegible] (5564) lots of 5 [illegible]
ICO indicator prices ([illegible] per pound) for Jul.10 : Comp. daily [illegible]. 15 day average 65.39 (65.40)

[illegible] – London FOX			[illegible]
	[illegible]	[illegible]	High/Low
Mar	116.0	117.5	116.0
Apr	111.0	111.9	113.0 [illegible]

Turnover 66 (202) lots of 40 tonnes.

SOYAMEAL – London FOX			[illegible]
	[illegible]	Previous	High/Low
Oct	[illegible]		129.00
Dec	[illegible]	[illegible]	132.00 131.60
Feb	135.50		135.50

[illegible] 103 (25) lots of 20 [illegible]

FREIGHT – London FOX			$10/index point	
	[illegible]	[illegible]	High/Low	
Jul	[illegible]	[illegible]	[illegible]	1460
[illegible]	[illegible]	1450	1445	1420
[illegible]	[illegible]	1535	1530	1495
Jan	1510	1530	1515	1500
BFI	1586	1605		

[illegible] 534 (306)

GRAINS – London FOX			£/tonne	
[illegible]	[illegible]	[illegible]	High/Low	
Sep	112.15		112.00	111.90
Nov	115.35	114.80	[illegible]	[illegible]
[illegible]	119.00	118.50	118.75	
[illegible]	122.35	121.70	122.35	[illegible]
May	126.66	125.10		
Barley	Close	Previous	High/Low	
Sep	109.90	110.15		
Nov	113.70	114.00		
May	121.35	121.60		

Turnover: Wheat 170 (185), Barley 0 (45).
Turnover lots [illegible] 100 tonnes.

PIGS – London FOX	(Cash Settlement) p/kg		
	Close	Previous	High/Low
Jul	[illegible]	98.0	[illegible]
Oct	[illegible]	101.5	[illegible]
Nov	102.5	105.0	103.0

Turnover:25 (34) lots of 3,250 kg

MGMI – London [illegible]					
	[illegible]	[illegible]	High	[illegible]	[illegible]
Jul	140.40	141.00	140.70	140.40	[illegible]
[illegible]	141.20	[illegible]	141.70	141.20	100
Dec	141.70	141.60	[illegible]	141.70	35

LONDON METAL EXCHANGE				(Prices supplied by [illegible] Metal Trading)	
	Close	Previous	High/Low	AM Official	Kerb [illegible]
Aluminium, [illegible] purity [illegible] per tonne)					[illegible]
Cash	1313-5	1311-3		1304-5	
3 [illegible]	[illegible]	1344-5	[illegible]	[illegible]	1342-4 [illegible] lots
Copper, Grade A (£ per tonne)					Total daily [illegible] 24,450 lots
Cash	1376-7	[illegible]	[illegible]	[illegible]	
3 [illegible]	[illegible]	1357-7.5	[illegible]	[illegible]	1357-8 [illegible]
Lead (£ per tonne)					Total daily [illegible]
[illegible]	336-9	[illegible]	[illegible]	[illegible]	
3 [illegible]	344.5-5.0	[illegible]	346/344	[illegible]	[illegible] 17,988 [illegible]
Nickel ($ per tonne)					Total daily turnover 1,619 lots
Cash	8910-30	8675-900	[illegible]	8920-5	
3 months	8810-20	8770-5	8820/8750	8800-1	8775-80 12,788 [illegible]
Tin ($ per tonne)					Total [illegible] 1,147 [illegible]
Cash	5640-50	5630-40		5645-50	
3 [illegible]	5730-5	5720-5	5735/5730	[illegible]	5735-40 7,377 lots
Zinc, Special High Grade ($ per tonne)					[illegible] 6,898 lots
Cash	1052-4	1057-9	1060/1051	1050-1	
[illegible]	1062-3	[illegible]	1068/1062	1063-3.5	[illegible] lots

LME [illegible] £/$ rate: SPOT [illegible] 3 months: 1.5947 6 months: 1.5834 9 months: 1.5710

[illegible] BULLION MARKET		
(Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	367.70-368.20	
Opening	[illegible]-369.50	
Morning fix	[illegible]	227.284
Afternoon fix	[illegible]	229.185
Day's high	370.00-370.30	
Day's low	[illegible].70-368.20	
Loco Ldn Mean Gold Lending Rates (Vs US$)		
1 month	[illegible] 6 [illegible]	5.36
2 months	5.40 [illegible]	[illegible]
3 months	5.40	
[illegible] fix	p/fine oz	US cts equiv
[illegible]	272.65	442.00
3 months	280.00	448.60
[illegible]	282.50	456.10
[illegible]	301.30	471.90
GOLD COINS (Prices supplied by [illegible] Metals)		
	$ price	£ equivalent
Krugerrand	[illegible]	[illegible]
Maple leaf	[illegible]	234.25-234.75
New Sovereign	88.75-89.75	55.25-55.75

TRADED OPTIONS				
Aluminium (99.7%)	[illegible]		Puts	
[illegible] price $ tonne	Sep	[illegible]	[illegible]	[illegible]
1250	96	137	10	22
1350	[illegible]	[illegible]	47	57
1450	8	36	118	[illegible]
Copper (Grade A)	Calls		Puts	
2100	129	138	18	57
2200	65	86	63	102
2300	27	50	114	[illegible]
[illegible]	[illegible]	Nov	Sep	Nov
500	73	83	1	4
[illegible]	31	54	9	15
600	8	28	36	37
Cocoa	Sep	Dec	[illegible]	Dec
625	[illegible]	48	33	28
650	6	37	52	41
675	3	28	74	57
Brent Crude	Aug	[illegible]	[illegible]	[illegible]
1850	0	[illegible]	0	[illegible]
1900	35	73	0	27
1950	2	47	15	52

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jul	367.8	370.0	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	370.8	[illegible]	[illegible]	[illegible]
[illegible]	372.4	[illegible]	[illegible]	[illegible]
[illegible]	375.9	378.3	377.3	375.0
Feb	[illegible]	381.8	381.2	378.6
Apr	382.6	385.2	0	0
Jun	[illegible]	388.7	[illegible]	[illegible]
[illegible]	[illegible]	392.3	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	[illegible]	High/Low	
Jul	[illegible]	379.5	[illegible]	374.5
Oct	[illegible]	383.5	[illegible]	374.5
Jan	[illegible]	[illegible]	[illegible]	379.5
Apr	[illegible]	391.8	387.5	[illegible]
Jul	[illegible]	395.6	0	0
[illegible]	396.3	402.1	0	0

[illegible] 5,000 troy oz; cents/troy oz.				
	[illegible]	Previous	High/Low	
Jul	433.5	442.3	442.0	[illegible]
[illegible]	[illegible]	443.5	0	0
[illegible]	437.7	446.5	445.0	437.0
Dec	445.5	[illegible]	453.5	445.0
Jan	447.4	[illegible]	0	0
Mar	[illegible]	[illegible]	460.0	453.0
May	459.6	468.6	[illegible]	462.5
Jul	465.5	474.5	[illegible]	468.5
Sep	[illegible]	[illegible]	0	0
Dec	[illegible]	[illegible]	488.0	488.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	[illegible]	[illegible]	High/Low	
Jul	98.00	99.10	99.00	97.75
Aug	98.00	99.30	98.60	98.00
[illegible]	97.90	[illegible]	98.95	97.60
[illegible]	97.65	[illegible]	98.40	98.20
Nov	97.35	98.40	98.10	98.10
Dec	97.00	98.10	97.80	96.70
Jan	96.55	97.65	97.00	96.70
Feb	96.10	97.20	97.00	97.00
Mar	95.70	[illegible]	96.50	96.10
Apr	95.40	[illegible]	95.40	95.40

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Aug	[illegible]	[illegible]	21.37	21.23
Sep	[illegible]	[illegible]	21.27	21.14
Oct	21.07	[illegible]	21.16	21.06
[illegible]	[illegible]	[illegible]	[illegible]	20.98
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	20.77
Feb	20.69	20.77	20.69	20.65
Mar	[illegible]	[illegible]	20.53	20.53
Apr	[illegible]	[illegible]	20.49	20.38

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	[illegible]	High/Low	
Aug	5800	5838	5835	5775
Sep	5905	5940	5935	5880
[illegible]	6000	6040	6020	5975
[illegible]	[illegible]	[illegible]	6120	6085
Jan	[illegible]	6245	[illegible]	[illegible]
Feb	[illegible]	6105	[illegible]	[illegible]
Mar	[illegible]	[illegible]	5830	5805
Apr	5590	5620	5600	5580

COCOA 10 [illegible]				
	[illegible]	[illegible]	High/Low	
Jul	885	880	885	875
Sep	925	920	[illegible]	[illegible]
Dec	[illegible]	971	981	953
Mar	[illegible]	1015	1023	997
May	1044	[illegible]	1050	1026
Jul	1071	[illegible]	[illegible]	[illegible]
Sep	1100	[illegible]	1104	1080
Dec	1140	1135	1143	1119
[illegible]	1170	1172	0	[illegible]
[illegible]	1197	1199	0	[illegible]

COFFEE "C" 37,500lbs; cents/lbs				
	[illegible]	[illegible]	High/Low	
Jul	[illegible]	83.40	83.90	83.05
[illegible]	[illegible]	[illegible]	85.20	83.90
Dec	87.45	[illegible]	88.60	87.40
[illegible]	[illegible]	90.80	91.50	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	95.25	95.00
Sep	98.90	[illegible]	97.75	97.75
Dec	100.10	100.45	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	[illegible]	High/Low	
Oct	9.19	[illegible]	9.20	9.07
[illegible]	[illegible]	[illegible]	8.75	8.67
May	[illegible]	8.79	8.79	8.74
[illegible]	8.87	8.83	[illegible]	[illegible]
[illegible]	8.99	8.92	0	[illegible]

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
[illegible]	70.52	[illegible]	70.54	70.09
Dec	69.86	[illegible]	[illegible]	69.25
Mar	71.08	[illegible]	70.95	70.55
[illegible]	71.75	[illegible]	71.80	71.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	0	69.35	69.30
Dec	68.00	67.90	67.95	67.90

ORANGE JUICE 15,000 lbs; cents/lbs				
	[illegible]	[illegible]	High/Low	
Jul	[illegible]	119.00	120.00	119.30
Sep	119.45	118.40	119.80	118.60
Nov	119.00	118.40	119[illegible]	119.00
Jan	118.95	118.00	[illegible]	118.40
Mar	[illegible]	118.00	119.00	118.50
Jul	[illegible]	118.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
July 11	July 10	mnth ago	yr ago
1729.6	1735.0	1754.0	[illegible]

DOW JONES (Base: Dec. 31 1974 = 100)				
	July 10	July 9	mnth ago	yr ago
Spot	126.78	125.82	[illegible]	132.48
[illegible]	122.45	122.81	[illegible]	131.38

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	[illegible]	[illegible]	High/Low	
Jul	[illegible]	525/4	525/0	519/4
Aug	[illegible]	[illegible]	522/0	517/0
Sep	[illegible]	521/6	[illegible]	515/4
Nov	521/2	[illegible]	[illegible]	519/0
Jan	530/6	[illegible]	[illegible]	529/0
[illegible]	540/6	546/0	[illegible]	536/4
[illegible]	[illegible]	[illegible]	553/4	548/0
Jul	556/0	563/0	560/0	558/0

SOYABEAN OIL 60,000 lbs; [illegible]				
	Close	[illegible]	High/Low	
Jul	[illegible]	[illegible]	[illegible]	18.19
[illegible]	18.22	18.27	[illegible]	18.21
[illegible]	18.37	18.45	18.48	18.37
Oct	18.53	18.61	18.63	18.53
Dec	18.86	18.93	[illegible]	18.82
Jan	19.00	19.05	[illegible]	19.00
[illegible]	19.31	[illegible]	19.41	19.31
[illegible]	19.65	[illegible]	19.66	19.62

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jul	159.3	161.1	161.0	159.2
[illegible]	[illegible]	162.4	162.5	[illegible]
[illegible]	[illegible]	162.5	[illegible]	160.8
[illegible]	[illegible]	162.2	162.2	160.5
Dec	161.1	162.8	162.8	160.9
Jan	162.0	[illegible]	163.5	162.0
Mar	164.2	1165.5	165.1	164.0
May	165.5	166.0	167.0	166.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Jul	227/4	228/0	229/2	226/6
Sep	221/2	223/0	223/2	221/0
[illegible]	222/4	224/4	225/0	222/2
Mar	231/0	232/4	233/0	230/6
May	237/0	238/2	238/6	236/6
Jul	242/0	243/2	243/2	241/2
[illegible]	237/4	239/0	239/0	236/4
Dec	237/4	239/0	239/0	236/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
[illegible]	261/0	262/4	262/0	259/0
[illegible]	267/4	269/2	269/4	265/4
[illegible]	279/2	282/6	282/4	277/4
Mar	284/6	288/2	287/4	282/6
May	282/6	287/0	287/0	280/4
[illegible]	280/0	282/4	284/0	279/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	73.60	72.75	73.67	72.87
Oct	75.20	74.52	75.37	74.67
Dec	75.60	75.15	75.65	75.25
Feb	74.65	74.20	74.70	74.35
Apr	75.20	74.82	75.35	74.80
Jun	73.35	73.00	73.40	72.90
Aug	72.00	0	72.10	72.00

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jul	55.70	54.75	55.75	54.77
Aug	49.75	49.37	49.80	49.30
Oct	43.17	42.95	43.30	42.90
Dec	43.30	43.27	43.60	43.17
Feb	43.40	43.15	43.45	43.15
Apr	41.60	41.45	41.70	41.60
Jun	45.80	45.60	45.80	45.60
Jul	45.80	45.80	45.85	45.80

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	44.20	44.82	44.95	43.90
Aug	41.32	40.75	41.85	40.70
Feb	46.95	46.50	47.25	46.40
Mar	46.55	46.12	46.80	46.17
May	47.25	46.80	47.85	47.25
Jul	46.80	46.80	0	0
Aug	45.67	0	45.67	45.67

LONDON STOCK EXCHANGE

Gains cut as base rate news awaited

ANOTHER powerful advance in the UK stock market was cut back sharply towards the close of trading yesterday when some professional traders elected to take profits without waiting to see if today brings the widely predicted cut in domestic interest rates. Encouraged by yesterday's decision by the Bundesbank, at its last policy meeting before the summer recess, to leave German rates unchanged, the UK market put on nearly 18 Footsie points in the first half of the session.

Gains were held until the final hour of business, when selling of the FT-SE futures contract spilled [illegible] into [illegible] cash market and wiped out most [illegible] the day's rises. Also discouraging equities towards the close was a dip in the sterling exchange rate.

Account Dealing Dates		
*First Dealings:		
Jul 1	Jul 15	Jul 29
[illegible] Declarations:		
Jul 11	Jul 25	Aug 8
Last Dealings:		
Jul 12	Jul 26	Aug 9
Account Day:		
Jul 22	Aug 5	Aug 19

*New-time dealings may take place from 8.30 am two business days earlier.

The final reading put the FT-SE Index [illegible] 2,510.5, just 2.1 up [illegible] the session. Traders sounded undismayed by [illegible] *late bout [illegible] profit-taking*, which was prompted by the prospect of the ending tonight of the two-week equity trading account rather than by any significant change in confidence.

Equity strategists were in general agreement that UK base rates will be cut very soon, and the debate centred on [illegible] the authorities will sanction [illegible] full point reduction or stick to their policy of lowering [illegible] by half point steps. Further encouragement for [illegible] rates is expected this morning in the shape [illegible] the latest inflation data, although City [illegible] are that the June retail price index will show only a small dip in annualised inflation to about 5.6 [illegible] cent.

Trading volume, as measured by the Seaq electronic network, remained high at [illegible] *shares against 534.1m in* the previous session. [illegible] again, the institutions made relatively modest impact on [illegible] market share trading but [illegible] ready takers [illegible] a steady flow of placings arranged through brokerage houses. A leading marketmaker placed a substantial block of stock in Gerrard [illegible] National the discount house.

Turnover [illegible] benefited from the final unwinding of the large programme trade noted [illegible] the [illegible] of trading on the previous day, and also from another similar operation by a UK securities house in yesterday's market. However, a US investment [illegible] was believed [illegible] operating a sell programme.

The strong rise in equities early in the session was [illegible] part a [illegible] the announcement *that Mr John Major, the* UK prime minister, would make a [illegible] later in the day. [illegible] gave rise [illegible] the wild[illegible] speculation [illegible] possible changes in sterling's ERM bands and/or [illegible] rate cuts. In the [illegible], however, the prime minister merely reiterated [illegible] that [illegible] UK economy will begin to [illegible] in the second [illegible] of this year.

The [illegible] gains in the market came in those stocks most likely [illegible] directly from a cut in domestic interest rates. Marks and Spencer and Kingfisher stood out well among the [illegible] and gains in this sector were mostly held [illegible] the close, escaping the rush [illegible] profit-taking elsewhere in equities.

The international blue chips, however, often suffered [illegible] the hands of [illegible] profit-takers [illegible] *turning in [illegible] somewhat mixed* performance earlier in [illegible] day. These stocks have provided [illegible] backbone [illegible] significant recovery in equities over the [illegible] fortnight. Profits [illegible] easy to take in the blue chips because [illegible] the liquidity in the stocks. ICI and BAT Industries were among those [illegible] lower after losing early gains.

FINANCIAL TIMES STOCK INDICES

	July 11	July 10	July 9	July 8	July 5	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.92	84.86	84.94	84.66	84.80	78.72	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	[illegible]	93.55	93.57	93.43	93.35	87.26	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1929.4	1918.1	1905.4	1891.3	1911.8	1870.1	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	222.8	222.7	218.4	219.0	216.6	172.7	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2545.3 (5/4)	[illegible]	[illegible]	986.9 (23/7/84)
FT-SE Eurotrack 200	[illegible]	1154.87	1147.93	[illegible]	[illegible]	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.89	4.91	4.94	4.97	4.93	4.96				
●Earning [illegible] %(full)	8.59	8.62	8.68	8.74	8.67	10.98				
●P/E Ratio(Net)(☆)	14.32	14.25	14.16	14.08	14.19	11.06				
SEAQ Bargns 4.45pm	30,475	27,146	26,095	[illegible]	22,032	[illegible]				
Equity Turnover(£m)†	-	[illegible]	809.50	566.18	759.93	989.89				
Equity Bargains†	-	27,415	25,315	24,295	21,868	27,536				
Shares Traded (ml)†	-	457.0	365.3	260.6	450.9	386.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ [illegible] 13.72

Ordinary Share Index, Hourly changes — Day's High 1940.7 — Day's Low 1919.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1919.3	1927.3	1927.8	1935.2	1936.1	1932.5	1935.6	1938.3	[illegible]

FT-SE 100, Hourly changes — Day's High 2526.1 — Day's Low 2506.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2506.7	2516.6	2513.1	2521.8	2522.0	2517.6	2520.3	2523.1	2512.6

[illegible] Hourly changes — Day's High [illegible] — Day's Low 1154.23

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1154.75	1154.37	1156.78	1155.97	1156.13	1156.20	[illegible]

GILT EDGED ACTIVITY

Indices*	July 10	July 9
Gilt Edged Bargains	87.3	88.1
5 – Day average	85.5	88.8

*SE Activity 1974.
†Excluding intra-market [illegible] turnover.

London report [illegible] Share index: Tel. [illegible] 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	417	480	-132	Courtaulds	[illegible]	452	+7	MB Caradon	835	217	+1	Severn Trent Water	912	349	+1
ASDA Group	17,000	89	+1	[illegible]	[illegible]	[illegible]	-1	MEPC	490	442	+3	Shell Transport	[illegible]	521	-1½
Abbey National	3,900	[illegible]	+3	De La Rue	370	[illegible]	-5	Manweb	76	246		Slebe	333	473	+2
Albert Fisher	220	114		[illegible]	[illegible]	217	-3	Marks & Spencer	8,400	264	+6	Slough Ests	914	247	-1
Allied-Lyons	2,300	[illegible]	+3	[illegible]	[illegible]	[illegible]	+7	Maxwell Comms.	196	202		Smith (W.H.) A	915	398	+10
Amstrad	915	48½		Eastern Elect	[illegible]	190	-3	Midland Bank	1,000	[illegible]	+1	Smith & Nephew	2,100	131	-½
Anglian Water	1,200	[illegible]	+7	East Midland Elect	[illegible]	224	-4	Midlands Elect.	1,400	213	-1	SmKl Beecham	3,500	600	-3
Argos	1,700	[illegible]	+11	[illegible]	[illegible]	537	-1	NatWest Bank	3,700	304	-1	SmKl Beecham Uts.	347	[illegible]	-3
Argyll Group	4,300	[illegible]	+2	Eurotunnel Uts	613	449	+1	National Power	4,200	130	-2	Smiths Inds.	614	347	+1
Arjo Wiggins	2,500	[illegible]	-6	FKI	[illegible]	56	+1	Next	4,000	28½	+½	Southern Elect.	371	233	-3
Ass Brit Foods	883	[illegible]	+1	Ferranti	4,400	9		North West Water	648	280		South Wales Elect.	171	260	-3
BAA	1,600	425	+2	[illegible]	[illegible]	402	-2	Northern Elect	410	218	[illegible]	South West Water	446	270	-2

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday [illegible] 4.30pm.

Asda busy after results

THE announcement of final results for Asda triggered heavy turnover in the stock *and a number of cuts in profits* forecasts by City analysts but produced little movement in the share price. The stock closed a penny up at 89p, after having been 3 ahead at one stage, on turnover of 17m.

The shares were initially firm because the decline of £7.5m to £168.3m in final profits was not as bad as had been expected and the company did not seek to raise cash from *shareholders.*

However, a number of analysts felt after meeting [illegible] company that Asda was still overshadowed by the threat of a rights issue and heavy debt. Others, taking the view that the Allied Carpets division was bound to recover soon, took a more bullish stance.

There was a wide range of changes in forecasts, with the bulls going for £205m this year and bears, such as Mr Bill Currie of Hoare Govett, looking for £170m [illegible] against a previous [illegible] of £190m, and [illegible] next year against £180m.

The diverging views prompted [illegible] two-way business, and volume was boosted by [illegible] trade of 4.7m shares transacted after hours on Wednesday.

Beazer slides

A steep [illegible] in [illegible], [illegible] troubled international construction and aggregates group, was not backed up by any heavy weight of selling in the shares. The stock dropped 11½ to 59p with only 154,000 shares recorded as having been traded on the Seaq ticker.

Dealers said the shares had suffered from a general lack of confidence on both sides of the Atlantic, with US investors apparently trying [illegible] offload stock [illegible] was said [illegible] have [illegible] a disappointing [illegible] to [illegible] presentation [illegible] institutions held [illegible] Wednesday.

Recently, [illegible] plans [illegible] hive [illegible] UK and European interests, leaving only the Koppers businesses in the US.

ADT setback

Confidence in ADT [illegible] evaporated yesterday in the wake *of suggestions* that Laidlaw, [illegible] 28 [illegible] shareholder, had reported a [illegible] a result [illegible] in [illegible] company. ADT tumbled 130 [illegible] 480p, the [illegible] level for more than [illegible]. Turnover was an above [illegible] 417,000.

[illegible] figures [illegible] from [illegible] downgrading [illegible] of the [illegible] was not [illegible] by persistent light buying [illegible] the [illegible] by ADT *directors.*

Analysts were divided over whether the fall in the share price [illegible] over-reaction. Some said [illegible] change in accounting conventions had produced what looked like more bearish news than was really the case. All admitted that the figures were difficult to assess and agreed [illegible] uncertainty had [illegible] ADT's weakness.

Attwoods, the waste disposal group in which Laidlaw has a 37 per cent holding, relinquished 3 to 216p.

Unilever upset

Observers turned negative on Unilever and the stock dropped 15 to 747p on turnover of 2.6m. Mr John Campbell of County NatWest reduced his 1991 profits forecast by £40m to £1.84bn, arguing that softness within the ice cream side and problems in the US and Brazil were hitting sales. Another securities house was said to have taken its forecast as low as £1.8bn.

Gerrard & National, the discount house, declined 5 to 284p after a placing of 1.8m shares, representing a 4.7 per [illegible] stake in the bank. The placing, believed to have been at 270p a share, was carried out by the highly successful Smith New Court team and the [illegible] went to a number of institutions.

A credit rating downgrade of Royal Insurance by Standard & Poor's [illegible] of unease around [illegible] insurance [illegible], [illegible] said little in the way of selling transpired after the news.

The [illegible] attracted [illegible] interest as today's final session [illegible] trading in the Water [illegible] loomed. Dealers were allowed to trade the water issues in fully paid form for "new time", that is for the trading account which commences on [illegible] the final 70p a share [illegible] has to be made by July 30.

There was evidence of more keen selling of the Water Package by fund managers unwilling to be left with parcels of stock in the more [illegible] water shares. The [illegible] 17 to £2748. Anglian W[illegible] 8 to 281p, partly paid, amid vague suggestions of a serious sewage leak at one of the company's operations.

There was strong support for Northumbrian Water, however, which moved up 6 to 286p in partly paid form after Klein[illegible] Benson issued a strong buy recommendation on [illegible] shares. Mr Peter Hyde, [illegible] wort's [illegible] specialist [illegible] he believed the Northumbrian Water [illegible] price [illegible] have to grow by at least 20 per [illegible] a year [illegible] maintain its present rating.

The downgrading of UK insurers by [illegible] Standard [illegible] Poor's hurt [illegible] Industries, which owns composite insurer [illegible] Star. S & P lowered the rating [illegible] *the company's claims-paying* ability from aa-plus to aa rating, citing [illegible] unfavourable UK underwriting climate, [illegible] rate adequacy, [illegible] potential [illegible] risks. BAT [illegible] 5 off at one point and ended [illegible] down on balance at 745p.

[illegible] cent [illegible] in interim profits from Rank Organisation had been more than discounted by [illegible] market. The [illegible] continued their [illegible] *recovery, peaking* [illegible] 673p before ending a net 3 [illegible] the [illegible]. The gain [illegible] 27.

Greene King bucked [illegible] lacklustre mood in [illegible] brewery [illegible] with an advance of 7 [illegible] 414p. The [illegible] came after [illegible] posted a near [illegible] per cent increase in full year profits [illegible] £22m.

TV-AM climbed 11 [illegible] 155p as James Capel upgraded the stock. The broker estimated that the company has [illegible] 40 [illegible] cent chance of winning its [illegible]vision contracting franchise, [illegible] the company's [illegible] value limited the [illegible] of the share price.

Marks and Spencer continued to benefit from [illegible] day's [illegible] 6 [illegible] 264p as [illegible] to 8.4m shares, the busiest day's trading since [illegible] April. Marks [illegible] also [illegible] in the options market.

Storehouse was weakened by yesterday's [illegible] annual meeting and lost [illegible] to 105p, with Goldman [illegible] said to have been the day's main seller. Mrs Kimlan [illegible] County [illegible] "I am not surprised by [illegible] gloomy mood [illegible] agm. [illegible] will continue to [illegible]."

Sears closed 4 lower at 73p due [illegible] a large stock overhang. Pentos, where County [illegible] was reported [illegible] have placed [illegible] large [illegible] of stock at [illegible] on Wednesday, ended [illegible] better at 137p. County was said [illegible] have [illegible] shopping for stock in [illegible] York.

A squeeze benefited Argos, which finished 11 stronger at 306p. Environmental engineering company Wheway [illegible] up [illegible] on announcing [illegible] rights [illegible] £16.5m.

Norcros, the building materi[illegible] property development group, improved [illegible] to 143p [illegible] back [illegible] positive [illegible] from Smith New Court. Wil[illegible] Holdings gained 11 [illegible] 312p [illegible] County [illegible] put the company [illegible] its buy list yesterday.

[illegible] bid by [illegible] for Macarthy [illegible] share price of both companies. Unichem, whose £72.2m offer [illegible] Macarthy [illegible] per share, lost [illegible] 156p, while Macarthy, already [illegible] a bid by Grampian Holdings, forged ahead [illegible]. Grampian [illegible] *4 to 170p.*

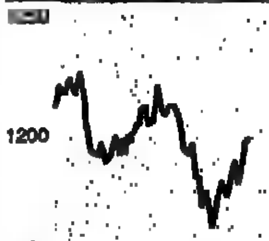
USM-quoted Handley Walker, the management consultant, finished 27 stronger at 117p after reaching 128p at one [illegible] that [illegible] merge [illegible] consultant P-E International, which [illegible] 8 [illegible] 185p. P-E's offer [illegible] Handley-Walker [illegible] at 135p [illegible] the [illegible] equity at [illegible].

British Fittings, [illegible] pipeline *equipment distributor and* manufacturer [illegible] pumps, fell [illegible] after announcing a £7.1m rights [illegible] 140p per share.

Heavy turnover [illegible] 13m in British Gas saw the shares close only marginally ahead at 249p. Some sizeable switching out of Shell and into BP ahead of today's big exploration presentation to institutions and analysts helped BP edge up 2 [illegible] to 345p on [illegible] shares [illegible] but [illegible] Shell [illegible] easier at 521p after turnover of 3.7m shares.

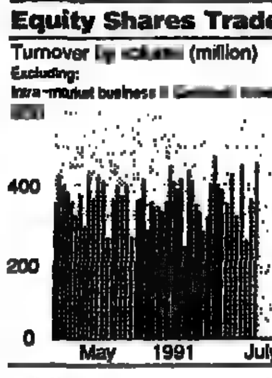
■ Other market [illegible], including the [illegible] Share Indices and [illegible] Options, Page 22.

FT-A All-Share Index



Equity Shares Traded

Turnover [illegible] (million)
Excluding: Intra-market business [illegible]



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (71).
BRITISH FUNDS (2) Treas. 10pc 2001 B, Funding 3½ [illegible] Treas. 2pc B. 1992. AMERICANS [illegible] Lynch, CANADIANS (2) Brascan, Inco, CHEMICALS (1) Rentokil, STORES (3) Forminster, Marks & Spencer, Smith (WH) A, ELECTRICALS (3) Cable & Wireless, Hewlett-Packard, Johnson Elect., Real Time Control, Wholesale Fittings, ENGINEERING (2) Atlas Copco B, Kvaerner B, FOODS (1) Dalepak, INDUSTRIALS (16) Astra B, Betterware Consumer, Boots, Courtaulds, Essette, Handley-Walker, Hepworth, Intereurope Tech., Macarthy, Norcros, Novo Nordisk B, Reckitt & Colman, Williams, Do. 8p (Net) Prf., Do. 5⅞pc Prf., Worthington (AJ), INSURANCE (1) Sedgwick, MOTORS (1) Volvo B, PAPERS (1) SCA B Free, PROPERTY (1) Slough Ests. 8¼pc Prf., SOUTH AFRICANS (3) SA Brews, [illegible]OL, Tongaat-Hulett, TRANSPORT (1) [illegible] Steam, TRUSTS (8) Aberforth Smaller [illegible], Bankers Inv., General [illegible] Inv. Trust of Guernsey, [illegible] Mid Wynd, Perpetual, [illegible] Inv., [illegible] (3) Crusader, Monument, Victoria Pet., MINES (10) Anglo Amer. Coal, Anglovaal, Durban Deep, Elandsrand, Elsburg, Emperor, Gencor, Grootvlei, Hartebeest, Impala Platinum, Kinross, OFS Invs., RTZ, Randfontein Ests., Rustenburg Platinum, Southvaal, Venterpost, Winkelhaak.
NEW LOWS (45).
AMERICANS (2) Colgate-Palmolive, St. Amer. First Savings St., BUILDINGS (3) Beazer, Crest Nicholson, Evered Bardon, STORES (1) Chelsea Man, ELECTRICALS (5) Applied Holographics, Laser-Scan, Sintrom, Trace Comptrs., Western Selection, ENGINEERING (5) Eadie, Ransomes, UMECO, Wellman, Wheway, FOODS (1) Bodgens, INDUSTRIALS (16) ADT, Barrett (H), BSG Intl., Bridport-Gundry, Clayhithe, Cowan de Groot, Havelock Europa, Hornby, Walker Greenbank, Whitecroft, INSURANCE (2) Archer (AJ), PWS, LEISURE (2) European, Sunset & Vine, PROPERTY (5) Arcadian Intl., Christie, Embassy, Lon. Secs. 5pc Prf., Palmerston, Trencherwood, TRUSTS (3) Drayton Cons., Ensign, Intl. Inv. Tst. Jersey, OILS (3) AmBrit Intl., Brabant Res., Cairn Energy, Hardy, Ultramar.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES led the underlying market on [illegible] bumpy journey yesterday as [illegible] early healthy rise in the markets [illegible] in the afternoon.

On Liffe, the September future contract lifted [illegible] underlying index to 2,528 in the morning as it continued the positive business of the previous day and traded at a 40-point premium to the index.

Then it hit a technical resistance level. Sellers moved in, [illegible] market could not [illegible] the business and the premium crumbled to 20 points, about 12 below the estimated fair value premium. It closed only [illegible] points above the index.

Mr Harvey Neale, [illegible] *UBS* Phillips & Drew said: [illegible] a couple of good selling orders from institutions and suddenly the premium disappeared. The market has had a very good run and we would not be surprised to see some form of correction."

Traders said that the market had already anticipated a half-point cut in interest rates today and could even fall slightly if the base rate cut was not of at least one percentage point.

On LTOM, turnover was brisk with 35,346 lots dealt. Marks and Spencer was the top equity option traded, with British Steel running a close second as one trader took a bullish stance and bought 2,000 October 130 calls.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99 [illegible]	98 [illegible]	Treas 10pc Cv '91 ‡‡	99 [illegible]	.....	10.01	11.28
100 [illegible]	99 [illegible]	Exch. 11pc 1991	100 [illegible]	.....	11.00	10.59
99 [illegible]	96 [illegible]	Treas 8pc 1991	99 [illegible]	.....	8.08	10.26
101 [illegible]	100 [illegible]	Treas 12¼pc 1992‡‡	101 [illegible]	.....	12.60	10.39
99 [illegible]	97 [illegible]	Treas 10pc 1992	99 [illegible]	.....	10.02	10.34
98 [illegible]	95 [illegible]	Treas 8pc 1992 ‡‡	98 [illegible]	.....	8.13	10.22
100 [illegible]	98½	Treas 10½pc Cv 1992‡‡	100 [illegible]	.....	10.48	10.22
95 [illegible]	91 [illegible]	Treas 3pc 1992	95 [illegible]	.....	3.14	8.21
102 [illegible]	100 [illegible]	Exch. 12¼pc '92	102 [illegible]	.....	12.00	10.19
104 [illegible]	102 [illegible]	Exch 13½pc 1992	103 [illegible]	.....	13.04	10.15
97 [illegible]	94	Treas 8¼pc 1993	97 [illegible]	.....	8.48	10.03
99 [illegible]	97 [illegible]	Treas 10pc 1993‡‡	99 [illegible]	.....	10.02	10.08
104 [illegible]	102 [illegible]	Treas 12½pc 1993‡‡	104 [illegible]	.....	12.00	10.12
93 [illegible]	89 [illegible]	Funding 6pc 1993‡‡	93 [illegible]	.....	6.41	9.30
108 [illegible]	105 [illegible]	Treas 13¾pc 1993‡‡	107 [illegible]	.....	12.83	10.18
96 [illegible]	92 [illegible]	Treas 8½pc 1994	96 [illegible]	.....	8.83	10.11
111 [illegible]	108 [illegible]	Treas 14½pc 1994‡‡	109 [illegible]	.....	13.23	10.17
109	105 [illegible]	Exch 13½pc 1994	107 [illegible]	.....	12.54	10.22
99 [illegible]	96 [illegible]	Treas. 10pc Ln 1994‡‡	99 [illegible]	.....	10.05	10.13
106 [illegible]	103 [illegible]	Exch 12½pc 1994	105 [illegible]	.....	11.82	10.25
96 [illegible]	93 [illegible]	Treas 9pc 1994‡‡	96 [illegible]	.....	9.32	10.16
106 [illegible]	[illegible]	Treas 12pc 1995	105 [illegible]	.....	11.42	10.21
8[illegible]	[illegible]	Exch 3pc Gas 90-95	86	+¼	3.49	7.06
100 [illegible]	[illegible]	Exch. 10¼pc 1995	100 [illegible]	.....	10.25	10.20
109 [illegible]	[illegible]	Treas 12¾pc 1995‡‡	108 [illegible]	.....	11.76	10.25
113 [illegible]	[illegible]	Treas. 14pc '96	112¼ [illegible]	.....	12.47	10.50
96 [illegible]	[illegible]	Treas. 9pc 1992-96‡‡	96½	.....	9.33	9.91
119 [illegible]	115 [illegible]	Treas 15¼pc 1996‡‡	117 [illegible]	.....	12.97	10.46
112 [illegible]	108	Exch 13¼pc 1996‡‡	110 [illegible]	+¼	11.99	10.42
		Five to Fifteen Years				
100 [illegible]	95 [illegible]	Conversion 10pc 1996	99 [illegible]	+ [illegible]	10.09	10.19
99 [illegible]	97 [illegible]	Do. 10pc 1996 B.	99 [illegible]	+ [illegible]	10.11	10.26
113 [illegible]	108 [illegible]	Treas 13¼pc 1997‡‡	111 [illegible]	.....	11.89	10.44
102 [illegible]	97 [illegible]	Exch 10½pc 1997	100 [illegible]	+ [illegible]	10.41	10.28
94 [illegible]	89 [illegible]	Treas 8¾pc 1997‡‡	93 [illegible]	+ [illegible]	9.37	10.20
122 [illegible]	117	Exch 15pc 1997	119 [illegible]	+ [illegible]	12.52	10.57
98 [illegible]	93 [illegible]	Exch. 9¾pc 1998	97 [illegible]	+ [illegible]	9.99	10.26
85 [illegible]	80 [illegible]	Treas 6¾pc 1995-98‡‡	85 [illegible]	+ [illegible]	7.89	9.70
127 [illegible]	121 [illegible]	Treas. 15½pc '98‡‡	125 [illegible]	+ [illegible]	12.38	10.43
109 [illegible]	104 [illegible]	Exch 12pc 1998	108 [illegible]	+ [illegible]	11.08	10.34
97 [illegible]	92 [illegible]	Treas 9½pc 1999‡‡	96 [illegible]	+ [illegible]	9.81	10.11
111 [illegible]	105 [illegible]	Exch. 12¼pc 1999	109 [illegible]	+ [illegible]	11.16	10.36
102 [illegible]	97 [illegible]	Treas. 10½pc 1999	101 [illegible]	+ [illegible]	10.37	10.25
101 [illegible]	95 [illegible]	Conversion 10¼pc 1999	99 [illegible]	+ [illegible]	10.27	10.25
94 [illegible]	89 [illegible]	Conversion 9pc 2000‡‡	93 [illegible]	+ [illegible]	9.60	10.08
116 [illegible]	110 [illegible]	Treas 13pc 2000	114 [illegible]	+ [illegible]	11.34	10.43
100 [illegible]	94 [illegible]	Treas 10pc 2001	98 [illegible]	+ [illegible]	10.12	10.19
38 [illegible]	36 [illegible]	Do. 10pc 2001 B●	38 [illegible]	+ [illegible]	10.19	10.12
118 [illegible]	113 [illegible]	Treas. 14pc '98-01	116 [illegible]	+ [illegible]	12.01	10.53

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
98 [illegible]	92 [illegible]	Treas 9¾pc 2002	97	+1 [illegible]	10.05	10.21
100 [illegible]	94 [illegible]	Treas 10pc 2003	98 [illegible]	+ [illegible]	10.12	10.15
108 [illegible]	102	Treas 11½pc 2001-04	106 [illegible]	+ [illegible]	10.79	10.39
58 [illegible]	53 [illegible]	Funding 3½pc '99-04	58 [illegible]	+ [illegible]	5.97	8.94
97 [illegible]	90 [illegible]	Conversion 9½pc 2004	95 [illegible]	+ [illegible]	9.95	10.11
97 [illegible]	90 [illegible]	Conversion 9½pc 2005	95 [illegible]	+ [illegible]	9.94	10.09
118 [illegible]	111 [illegible]	Treas 12½pc 2003-05	115 [illegible]	+ [illegible]	10.81	10.21
		Over Fifteen Years				
85 [illegible]	79 [illegible]	Treas 8pc 2002-06‡‡	83 [illegible]	+ [illegible]	9.54	10.08
112 [illegible]	105 [illegible]	Treas 11¾pc 2003-07	110 [illegible]	+ [illegible]	10.66	10.21
90 [illegible]	84 [illegible]	Treas 8½pc 2007 ‡‡	88 [illegible]	+ [illegible]	9.64	9.98
125 [illegible]	118 [illegible]	Treas. 13½pc '04-08	123 [illegible]	+ [illegible]	10.98	10.19
94 [illegible]	88 [illegible]	Treas 9pc 2008 ‡‡	92 [illegible]	+ [illegible]	9.76	9.93
94 [illegible]	89 [illegible]	Do. 9pc 2008 C	92 [illegible]	+ [illegible]	9.71	9.93
85 [illegible]	80	Treas 8pc 2009	83 [illegible]	+ [illegible]	9.59	9.91
94 [illegible]	88 [illegible]	Conv 9pc Ln 2011 ‡‡	92 [illegible]	+ [illegible]	9.78	9.91
63 [illegible]	58 [illegible]	Treas. 5½pc 2008-12‡‡	61 [illegible]	+ [illegible]	8.92	9.83
82 [illegible]	76 [illegible]	Treas. 7¾pc 2012-15‡‡	80 [illegible]	+ [illegible]	9.66	9.92
181 [illegible]	113 [illegible]	Exch. 12pc '13-17	117 [illegible]	+ [illegible]	10.17	9.96
		Undated				
40 [illegible]	37 [illegible]	Consols 4pc	39 [illegible]	.....	10.22	-
35 [illegible]	33 [illegible]	War Loan 3½pc‡‡	34 [illegible]	.....	10.03	-
59 [illegible]	57 [illegible]	Conv. 3½pc '61 Aft.	58 [illegible]	.....	5.96	-
29 [illegible]	28 [illegible]	Treas. 3pc '66 Aft	29 [illegible]	.....	10.23	-
25 [illegible]	23 [illegible]	Consols 2½pc	24 [illegible]	.....	10.09	-
25 [illegible]	23 [illegible]	Treas 2½pc	24 [illegible]	.....	10.18	-

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or -	(1)	(2)
130 [illegible]	125 [illegible]	Tr. 2pc '92‡‡	(97.8)	130 [illegible]	.....	1.47	5.08
118 [illegible]	115 [illegible]	Do. 2 '94	(102.9)	117 [illegible]	+ [illegible]	3.77	4.64
172 [illegible]	168 [illegible]	Do 2pc '96	(67.9)	171 [illegible]	.....	3.74	4.29
142 [illegible]	137 [illegible]	Do. 2½pc '01	(78.3)	141 [illegible]	- [illegible]	4.03	4.31
138 [illegible]	13[illegible]	Do. 2½pc '03	(78.8)	137 [illegible]	- [illegible]	4.10	4.35
140 [illegible]	135	Do. 2pc '06	(69.5)	138 [illegible]	- [illegible]	4.17	4.37
128 [illegible]	124 [illegible]	Do. 2½pc '09	(78.8)	126 [illegible]	- [illegible]	4.20	4.38
132 [illegible]	128 [illegible]	Do. 2½pc '11	(74.6)	130 [illegible]	- [illegible]	4.21	4.38
109 [illegible]	105 [illegible]	Do. 2½pc '13	(89.2)	107 [illegible]	- [illegible]	4.21	4.36
117 [illegible]	113 [illegible]	Do 2½pc '16	(81.6)	114 [illegible]	- [illegible]	4.18	4.33
113 [illegible]	109 [illegible]	Do. 2½pc '20	(83.0)	110 [illegible]	- [illegible]	4.15	4.28
95 [illegible]	91 [illegible]	Do. 2¼pc '24‡‡	(97.7)	92 [illegible]	- [illegible]	4.09	4.21

Prospective real [illegible] on projected inflation of (1) 1[illegible] and (2) 5%. [illegible] Figures in [illegible] RPI base for indexing, (ie 8 [illegible] prior to [illegible] and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
102	95 [illegible]	African Dv Bk 11¼ Ln 2010	101 [illegible]	+ [illegible]	10.97	10.93
97 [illegible]	91 [illegible]	Asian Dev Bk 10¼pcLn 2009	96 [illegible]	+ [illegible]	10.63	10.69
112 [illegible]	105 [illegible]	[illegible] Dev Bk 12[illegible]pc 2003	110 [illegible]	+ [illegible]	11.26	10.80
92 [illegible]	86 [illegible]	Do. 9¾pcLn 2015	91 [illegible]	+ [illegible]	10.70	10.78
122	101	[illegible]	122		13.52	13.47

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	101½	.....	11.33	11.30
97½	93½	G.L.C. 6¾pc 1990-92	97½	.....	6.92	11.05
115½	110 [illegible]	Leeds 13½pc 2006	114 [illegible]	.....	11.79	11.40
30	28	Liverpool 3½pc Irred	30	.....	11.67	-
27	26	LCC 3pc '20 Aft.	26	.....	11.54	-
103 [illegible]	97 [illegible]	Manchester 11½pc 2007	102 [illegible]	+1	11.22	11.20

COMMONWEALTH & AFRICAN LOANS

[illegible]	84½	[illegible] 87-92 Assd.	96	.....	-	-

LOANS

Building [illegible]

104½	102½	N'wide Anglia 3[illegible]pc Ln 2021	102¾	-¼	-	5.53
107	104 [illegible]	Do. 4.25pcIL '24	105 [illegible]	+¼	-	5.12

Public Board and Ind.

53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	7.00
50	50	Do. 6pc 28 Sub. Ass.	50	.....	3	6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	4.00
55	55	Hung. '24 Ass.	55	.....	2.75	3.57
128	120 [illegible]	Hydro Quebec 15pc 2011	126 [illegible]	+ [illegible]	12.89	11.57

Continued on next page

APPOINTMENTS

Senior posts at Barclays retail division

■ Mr Mervyn Gibson *(left)* has been appointed deputy chief executive of BARCLAYS BANK's central retail services division, the arm of the bank responsible for Barclaycard, Barclays Merchant Services, centralised lending products and a number of the bank's travel services. He remains managing director of Barclays Merchant Services. Mr Bob Potts *(right)* has been appointed managing director of Barclays Card Services, and a director of the division. He succeeds Mr Richard Reay-Smith who was recently appointed chief executive of the division. Mr Potts was personal senior director, London north western regional office.

■ Mr Colin Hargreaves has been appointed chairman and managing director of EMERSON & RENWICK, Accrington. He replaces Dr J.W. Emerson, non-executive chairman for the past 50 years, and Mr D.G. Swindells, chief executive. Mr Swindells will continue with the company's interests in The Peel Bank Urban Woodland Trust.

■ T&N is restructuring into three divisions, with the following as divisional managing directors: Mr David Carruthers, piston products and aftermarket; Mr Bill Everitt, friction products and engineering; and Mr Ian Much, bearings and industrial. Mr Peter Byrom has been appointed non-executive deputy chairman. He has been a non-executive director since 1989, and is a director of N.M. Rothschild & Sons.

■ SMITHS INDUSTRIES has appointed Mr Norman Barber *(pictured)* as an executive director. From August 1 he becomes chairman of the aerospace group, the largest operating unit of the company. He was deputy chairman of the group, and succeeds Mr Hugh Pope who retires at the end of this month.

■ Mr Anthony Blake has been appointed marketing director of CLARK & FENN, a company in the construction division of Trafalgar House. He also becomes a director of Trafalgar House Interiors. Mr Blake was marketing director of Kier Management, part of the *Beazer Group.*

■ Mr Simon Bishop has been appointed sales director at ALTOS COMPUTER SYSTEMS, Slough. He joined the company last January.

■ Mr Alan Mellor, managing director of Roncraft UK, has been appointed regional director, DIY Europe, for L&F INTERNATIONAL, [illegible] US company which is a wholly-owned subsidiary of Eastman Kodak. He continues his present responsibilities and adds operations in France and extension of DIY activities in other European markets.

■ Lord Rees, chairman of LASMO, is to become a non-executive director of QUADRANT, shipping and photographic group.

■ THE PELICAN GROUP, ■ USM-quoted restaurant group, has appointed Mr Barry Cox as a non-executive director. He was joint chairman of the Hard Rock Café. Mr David Sawyer, Mr Geoffrey Simon and Mr Bennett Grower, directors of L. Harris (Harella), which became The Pelican Group, have resigned.

■ UNION BANK OF FINLAND has appointed Mr Karl Kangas as general manager of its London branch. He was managing director of Union Bank of Finland International in Luxembourg.

■ Mr John Fletcher, an executive director of Trafalgar House, has been appointed a *non-executive director of* GEI INTERNATIONAL.

■ Mr John Chisholm, UK managing director of SEMA GROUP, has been appointed chief executive of the Defence Research Agency, (an MOD organisation) on secondment for three years. He has resigned from all his posts in the group, and will be succeeded by his deputy Mr Harry Fryer *(pictured)*, who joins [illegible] group board.

LONDON SHARE SERVICE

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories	31⅛	–½	$1.00	–	1.9
385p	257p	Allegheny & W 1c	390p	–9	30c	–	5.9
10⅝	667p	Amdahl 5c	917p	+13	10c	–	0.6
42⅛	25⅜	Amer. Cyanamid $5	41⅝	+⅛	$1.50	–	2.1
17⅞	9⅛	Amer. Express 60c	13¼	+⅛	92c	–	4.0
24½	15¼	American T. & T. $1	23⅜	–⅛	$1.32	–	3.3
38⅞	32½	Ameritech $1	36⅝	–⅛	$3.40	–	5.5
24	12⅞	BankAmerica $1⅞	21⅞	–⅛	$1.20	–	3.3
34½	20⅛	Bankers N.Y. $1	31⅝	+⅛	$1.52	–	9.1
30½	24¼	Bell Atlantic $1	28⅞	+⅛	$2.52	–	5.2
31¼	25	BellSouth Corp.	29¼	–¼	$2.76	–	5.6
11¼	6⅞	Bethlehem Steel $8	10⅞	+⅛	40c	–	2.2
1839p	1046p	Bowater Inc.	1649p	–20	$1.20	–	4.3
9½	4½	Brunswick 75c	8⅞	.....	44c	–	3.0
54	37⅞	CPC Intnl. 25c	53⅛	.....	$2.00	–	2.2
852p	420p	California Engy	778p	–9	–	–	–
50	28¼	Campbell Soup 15c	47⅞	+⅛	$1.16	–	1.4
12⅝	5⅞	Chase Manhattan $12½	10⅞	–¼	$1.20	–	6.5
9⅞	5⅛	Chrysler $6¼	9⅞	+⅛	60c	–	3.9
10⅛	5⅞	Citicorp $1	8⅝	+⅛	$1.00	–	6.6
25	21⅞	Colgate-Palmolive $1	21⅞	–1⅛	$1.06	–	3.0
845p	436p	Cont'l Bank Corp $4	765p	–2	$1.00	–	7.7
21⅝	13⅞	Dana Corp. $1	20⅞	–⅛	$1.60	–	4.7
1056p	203p	Data General	984p	+20	–	–	–
22	12⅞	Dial Crop. $1.5	21⅞	+⅛	$1.40	–	3.8
29⅞	20⅛	Dun & Bradstreet $1	28¼	.....	$2.16	–	4.4
40	34¼	Eaton Corpn. 50c	38¼	–1⅛	$2.20	–	–
8½	5½	Echlin Inc.	8	–⅛	70c	–	5.2
19⅞	14⅞	FPL Group 1c	18½	–⅛	$2.40	–	7.7

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
236	150	MB Caradon	217	+1	8.5	1.6	5.2	14.6
119	83	Do. 7.25p Cr Pf 15p	198	–1	7.25	–	9.8	–
457½	218	M.L. Labs. 1p	447	–1	–	–	–	–
51	20	MY Hldgs 10p	31	.....	†0.55	–	–	–
94	61	McLeod Russel	79	.....	5.8	1.6	9.8	8.0
256	123	Macarthy 20p	256	+24	ϕ12.5	1.1	6.6	18.7
191	153	Macfarlane Grp.	170	.....	4.03	2.8	3.2	15.0

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

28	17	Greenwich Res 5p	19			
£11½	£7½	Homestake Mining $1	£11½		020c	1.1
61	30	Hibernia West	54	+1		
46	36	Kells Mins. Ir5p	36			
25	9½	Kenmare	13			
18	15	Navan Resources	16			
99	52	Northgate Expl. C$1	78	-4		
16	6	North West Expl.	7			
109	25	Nor-Quest Res.	107	-2		
188	82	Oryx Gold Hldgs.	175	-2		
21	11	Ovoca Gold IR 2p	15			
44	24	Plateau Mining 20p	27			
584	404	RTZ 10p	583	+5	19.5	2.2 4.5
10	3½	Thorco Res. Inc.	7			
10	5	Vizcaya Hldgs 5p	8			
133	120	Young Group 10p	125	+1	5.2	♦ 5.6

NOTES

Stock Exchange dealing classifications are [illegible]ed to the right of security names: α Alpha refers to shares [illegible] through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares, γ Gamma refers to other traded instruments.

Highs [illegible] lows are based on intra-day mid prices. Unless o[illegible] indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and [illegible] are based on latest annual reports and accounts and, where [illegible]le, are updated on half-yearly figures. P/Es are calculated [illegible]" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if [illegible] on "nil" distribution. Covers are based on [illegible]" distribution; this compares gross dividend costs to pro[illegible] taxation, excluding exceptional profits/losses but incl[illegible]imated extent of offsettable ACT. Yields are based on midd[illegible]s, are gross, adjusted to ACT of 25 per cent and allow for v[illegible] declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since incre[illegible] or [illegible]
- ‡ Interim since reduced, [illegible] or [illegible]
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; [illegible] permitted under rule 535(4)(a)
- ■ [illegible]ot listed on Stock [illegible] and company not [illegible] to same degree of [illegible] as [illegible] securities.
- ¶¶ [illegible]cially listed.
- § [illegible] time of suspension
- ¶ [illegible] dividend after pending scrip and/or rights [illegible] [illegible]tes to previous dividend or forecast.
- [illegible] [illegible]id or reorganisation in progress
- [illegible] [illegible]parable
- [illegible] [illegible]terim; reduced [illegible] earnings
- § [illegible] dividend; cover based on [illegible]nings updated by latest [illegible] statement.
- ‡ [illegible] [illegible]ersion of shares not now ranking for dividends or [illegible] only [illegible] restricted dividend.
- ☆ Cover does not all[illegible] shares which may [illegible] for dividend at a future [illegible]. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ●● Yield based on assumption Treas[illegible] Rate [illegible] until [illegible] of stock. a [illegible] dividend. [illegible] on prospectus or other of[illegible]mates. c Cents. d [illegible] paid or payable on part [illegible], cover based on dividend on full capital. e [illegible] f Flat yield. g [illegible] dividend and yield. h Assumed [illegible] and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights [illegible]ding. q Earnings based on preliminary figures. s Dividend [illegible] yield exclude a special payment. t Indicated dividend [illegible] relates to previous dividend, P/E ratio based on latest [illegible] earnings. u Fo[illegible] or estimated annualised dividend [illegible]ver based on [illegible] year's earnings. v Subject to local [illegible] dividend cover [illegible] of 100 times. y Dividend and yield [illegible] on merger terms. [illegible] Dividend and yield include a [illegible]. Cover does not [illegible] special payment. A Net [illegible] yield. B Preference di[illegible] passed or deferred. C [illegible]. E Minimum tender price. F Dividend and yield based on prospectus or other official [illegible] for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H [illegible] and yield based on prospe[illegible] other official estimates [illegible]. K Dividend and yield [illegible] on prospectus or other [illegible] estimates for 1990. L [illegible] annualised dividend, [illegible] P/E based on latest annual earnings. M Dividend and [illegible]ed on prospectus or other official estimates for 1991-92. [illegible]end and yield based on prospectus or other official [illegible] for 1989-90. P Figures based [illegible] prospectus or other [illegible] estimates for 1991. Q Gross. [illegible] Forecast annualised [illegible] cover and p/e [illegible] on prospectus or other official [illegible]. T Figures assu[illegible]. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex [illegible] xc ex scrip issue; xr ex rights; xa ex all; xd ex capital dist[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and [illegible] stocks, the latter being quoted in Irish currency.

Craig & Rose £1	640xd	
Finlay Pkg. 5p	25	-2
Holt (Jos) 25p	197½	
Helton Hldgs.	39	
IRC	128½	
United Drug	170	

IRISH

Cap. 8½% Ln. 1991	£97½	
9pc Cap Ln. 1996	£98	+½
Fin. 13% 97/02	£114½	
Arnotts	145	

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	38
[illegible]	53
[illegible]	56
[illegible]	12
[illegible]com	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met.	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	38
Lucas Inds.	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect.	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	6½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	90

Property

Brit Land	30
Control S[illegible]	3
Land Securities	45
MEPC	48
Mountleigh	6½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	18
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	38

Mines

Lonrho	21
RTZ	48

[illegible]ervice is available to companies whose shares are regularly [illegible] United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ([illegible]) 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Stewart Ivory Unit Tst Mgrs Ltd (1200)F

Sun Alliance Fund Mgmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Management Ltd (1200)H

Swiss Life Unit Tst Co Ltd (1200)F

TSB Unit Trusts (1200)H

Target Trust Mgrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Managers Ltd

Waverley Unit Tst Mngmt Ltd (1000)F

Wesleyan Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Willis [illegible] Services Ltd (0905)F

Woolwich Unit Trust Managers Ltd

Wright Seligman Fund Mgrs Ltd (1700)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charishares (1000)F

CAFINVEST-Charities Aid Foundation

COIF-Charities Official Inv Fdss

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

L. Rothschild Fund Management Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Albany Life Assurance Co Ltd—Contd.

Allied Dunbar Assurance Plc

Ambassador Life Assce. Co Ltd

American Life Insurance Co Ltd

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance PLC

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Euralife Assurance Co Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Legal & General (Unit Assur) Ltd

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group (The)

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	106.3	111.9	+0.3	-
Pension Managed Fd	104.4	179.9	+0.6	-
Life Deposit Fd	107.9	113.6	----	-
Pension Deposit Fd	113.4	119.4	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	107.6	113.3	+0.3	-
Managed Growth	135.6	142.8	+0.6	-
Managed Opportunity	137.3	144.6	+1	-
NFMC Target Financial	101.5	106.9	+0.3	-
Pension Funds				
Managed Cautionary	118	124.3	+0.2	-
Managed Growth	143.6	151.2	+0.6	-
Managed Opportunity	137.6	144.9	+1	-
NFMC Target Mngd Pen	1515.5	1595.3	+6.2	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	161.9	170.5	----	-
UK Equity	167.8	176.7	----	-
Overseas Equity	137.9	145.2	----	-
Fixed Interest	146.3	154.0	----	-
Property	127.8	134.6	----	-
Index Linked	147.4	155.2	----	-
Deposit	158.1	166.5	----	-
With Profits (B)	129.7	136.5	----	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	150.0	158.5	[illegible]	-
Accum Equity	215.5	227.0	[illegible]	-
Accum Managed	226.0	238.5	[illegible]	-
Accum Five Star	171.0	180.5	[illegible]	-
Accum World	124.0	131.0	[illegible]	-
Accum Lifetime	109.1	109.1	[illegible]	-
Pens Acc Equity	231.0	244.0	[illegible]	-
Pens Acc Managed	281.0	296.5	[illegible]	-
Pens Acc Intl	216.5	228.5	[illegible]	-
Pens Acc Deposit	200.5	211.5	[illegible]	-
Pens Acc Five Star	187.0	197.0	[illegible]	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	223.2	235.5	+1.9	-
UK Fixed Int Acc	176.2	185.9	-0.2	-
Intl Equities Acc	178.2	188.0	-0.2	-
UK Managed Acc	173.4	182.9	+0.9	-
Property Acc	224.1	236.4	-	-
Money Acc	129.9	137.1	+0.1	-
Special Market Acc	143.[illegible]	151.8	+2.6	-
Japan Equity Acc	104.[illegible]	118.6	-0.2	-
North American Acc	109.[illegible]	115.6	-0.9	-
Pacific Acc	98.2	103.6	+2.1	-
Technology Acc	129.3	136.4	+1.4	-
Nat Resources Acc	66.1	69.8	-0.5	-
European Acc	101.5	107.1	+0.3	-
Residential Prop Acc	96.2	101.5	-	-
Swiss Equities Acc	34.9	36.9	+0.2	-
Hong Kong Acc	70.1	74.0	-0.3	-
UK High Inc Eq Acc	72.0	76.0	+0.5	-
Int Fixed Interest Acc	57.8	61.0	-	-
Int Managed Acc	57.0	60.1	[illegible]	-

Royal Heritage Life Assurance Ltd – Contd.

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS 081-567 0700

Swiss Life (UK) PLC
101 London Rd, Sevenoaks 0732 450161

CMI Insurance Co Ltd – Contd.

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Financial Services Ltd

Gartmore Fund Managers Ltd

Hambros Fd Mgrs (CI) Ltd

Skandia Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 334411

Star Intl Financial Services

Westminster Financial Services(Pty) Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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U.S. Treasury Securities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Short Term Shares	97 [illegible]			
Fixed Income Shares	2089.56			

Yamaichi Capital Mangmt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Mem Growth	$10.01		-0.05	
Yamaichi TSS Fund	$7.46			
Yamaichi CB Pfe Fund	$7.96		-0.02	
Thai Inv Fund	$9.43		-0.30	
Yamaichi OTC Equity (z)	$9.37		+0.18	

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (z)

MI Global Asset Mngmt Co Ltd "MI Trusts"

	Bid Price	Offer Price	+ or -	Yield Gross
MI Global Dollar	$0.97	1.04		

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

John Govett – Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East Equity	5¼	$10.67	10.67	10.79	+0.05	1.0
US Smaller Cos	5¼	$12.44	12.44	12.56	+0.08	1.0
European Equity	5¼	[illegible]	13.79	13.93	+0.08	2.0
UK High Income	5	£4.71	4.71	4.73		15.75
UK Equity	5¼	£4.78	4.78	4.83	+0.03	3.0

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63, Bond Street, St. Helier, Jersey 0534 76029

INVESCO MIM International (Jersey) Ltd

PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.

PO Box 195 St Helier, Jersey 0534 27561

Midland Bank Fund Managers (Jersey) Ltd

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm and pound steady

THE DOLLAR gained ground in European trading yesterday, supported by the failure of the Bundesbank to raise official [illegible] interest rates [illegible] yesterday's council meeting, and by a larger than expected fall in new applications for US unemployment insurance benefits.

A lowering of the Bundesbank's target rate for M3 monetary growth [illegible] aimed [illegible] maintaining steady growth and controlling inflationary pres[illegible] but this was the only move by the central bank yesterday.

Germany's discount [illegible] Lombard [illegible] were left unchanged at this, the last council meeting before the summer recess, despite recent speculation that rising inflationary pressure would pro[illegible] a [illegible] in rates, [illegible]bly through an increase in the discount rate [illegible] narrow [illegible] present 2½ point gap between it and the Lombard rate.

This led to a softening of the D-Mark and a rise in the [illegible] of the dollar. The US currency [illegible] gained from news [illegible] new applications for US [illegible]ployment benefits fell to a seasonally adjusted 388,000 in the week ended June 29, [illegible] decrease of 35,000 from the previous week. The four-week seasonally adjusted moving [illegible] declined to 422,500 from [illegible] in the previous period.

At the London close the dollar had climbed to DM1.8335 from DM1.8140; to SFr1.5890 from SFr1.5720; to FFr6.2125 from FFr6.1525; and to Y[illegible] from [illegible] On Bank of England figures the dollar's index [illegible] to 68.6 from 68.3.

The Japanese yen was mainly infl[illegible] by events in Frankfurt, rather than the recent financial [illegible] in Tokyo. This [illegible] in [illegible] improvement of the yen against European [illegible], including the D-Mark. In London the German currency fell to Y75.55 from Y76.35.

Sterling lost ground to the dollar and the yen, but [illegible] firm against the pound's partners in the European exchange rate mechanism, despite [illegible]lation that the [illegible] of England may sanction a cut in UK bank base rates today.

Mr John Major, [illegible] UK prime minister, told parliament [illegible] London [illegible] he still expects the British economy to begin [illegible] recovery in the second half of [illegible] year. [illegible] recessionary pressures are now regarded [illegible] significant problem for the government, in the run up to the next UK general election, [illegible] tions that another cut in bank base rates is imminent.

[illegible] very large credit shortage [illegible] expected [illegible] London money market today, probably prompting early intervention by [illegible] Bank of England. This means the market is likely to receive a signal on rates [illegible] publication [illegible] today's [illegible] prices [illegible].

Sterling fell [illegible] cents [illegible] $1.6085 and also declined to Y222.75 from Y224.50, but rose [illegible] from FFr9.9750; [illegible]. The pound remained the third weakest member of [illegible] ERM, [illegible] its [illegible] to 89.5.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu [illegible]	Currency Amounts Against Ecu Jul 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	[illegible]	128.942	-3.51	5.05	61
Italian Lira	[illegible]	1528.23	-0.55	2.03	37
Belgian Franc	[illegible]	42.2786	-0.29	1.66	19
Dutch Guilder	[illegible]	2.31264	-0.16	1.53	13
D-Mark	[illegible]	2.05370	-0.11	1.47	13
Irish Punt	[illegible]	0.767832	0.05	1.31	2
Sterling	[illegible]	0.698954	0.29	1.07	-6
French Franc	[illegible]	6.96604	1.03	0.33	-51
Danish Krone	[illegible]	7.94896	1.36	0.00	-58

[illegible]

£ IN NEW YORK

[illegible]

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

POUND - DOLLAR

[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	[illegible] Plc	11.5	McDonnell Douglas Bank	11.5
Adam & Company	11.5	[illegible]	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	[illegible] Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe Bank Ltd	12.5
Bank of Cyprus	11.5	Financial & Gen. Bank	12	Royal Bk of Scotland	11.5
Bank of Ireland	11.5	First National Bank Plc	14	● Smith & Williamson Secs.	11.5
Bank of India	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of Scotland	11.5	Robert Fraser & Ptnrs.	12	TSB	11.5
Banque Belge Ltd	11.5	Girobank	11.5	Unitank plc	11.5
Barclays Bank	11.5	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Benchmark Bank	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Brit Bk of Mid East	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
● Brown Shipley	11.5	Heritable & Gen Inv Bank	11.5	Westpac Bank Corp.	11.5
CL Bank Nederland	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
Citibank NA	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
City Merchants Bank	11.5	Hongkong & Shanghai	11.5		
Clydesdale Bank	11.5	● Leopold Joseph & Sons	11.5		
		Lloyds Bank	11.5		
		Meghraj Bank Ltd	11.5		

● Members of British Merchant Banking & [illegible]

MONEY MARKETS

No German change

CALL MONEY eased [illegible] from 8.80 per [illegible] in Frankfurt as the German Bundesbank left official interest [illegible] unchanged [illegible] yesterday's council meeting. The discount rate remains at 6.50 per cent and the Lombard rate at 9.00 per cent.

At the same time the central bank lowered its target rate for M3 monetary growth by 1 point to 3-5 per cent from 4-6 per cent in a move aimed at steady growth and control of inflationary pressures.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

In [illegible] Bank [illegible] kept [illegible] money market intervention [illegible] per cent and its five-to-10 [illegible] lending rate at 10 per cent, when injecting funds into [illegible] domestic money market, [illegible] securities repurchase tender.

In London [illegible] interest [illegible] discounted [illegible] cut [illegible] ½ point in bank [illegible]. Three-month sterling interbank declined [illegible] $11\frac{1}{16}$-$10\frac{15}{16}$ from $11\frac{1}{16}$-$11\frac{1}{8}$ per cent. One-year money was qu[illegible] at $10\frac{15}{16}$-10¾, compared with 10¾-10⅝ per [illegible].

On Liffe short sterling [illegible] showed [illegible] reaction to [illegible] speculation, with September delivery already discounting [illegible] per cent at delivery.

The September contract opened lower [illegible] and after trading [illegible] closed [illegible] unchanged from Wednesday.

Credit [illegible] in short supply on the money market. [illegible] Bank [illegible] England initially [illegible] a day-to-day shortage [illegible] £1,200m, but [illegible] this to £1,150m at noon and [illegible] in the afternoon. Total [illegible] of £1,057m was provided.

In early operations the authorities bought £11m Treasury bills outright, [illegible] band 1 at 11⅜ per cent. Before lunch another £470m bills were purchased, by way [illegible] Treasury bills in band 1 at 11⅜ per [illegible] £2m [illegible] authority bills in band 1 [illegible] 11⅜ per cent; £349m bank bills in band [illegible] 11⅜ per cent; and £40m bank bills in band [illegible] at $11\frac{5}{16}$ per cent.

In the afternoon [illegible] bills were bought, via £43m Treasury bills in band 1 at 11⅜ per [illegible] £11m bank bills in band 1 at 11⅜ per cent; [illegible] £42m bank bills in band [illegible] $11\frac{5}{16}$ per cent. [illegible] assistance of around £480m [illegible] provided.

Bills maturing [illegible] official hands, repayment of late [illegible] and [illegible] take-up of Treasury bills drained £925m, with exchequer [illegible] absorbing £100m, a [illegible] circulation [illegible] and bank balances below target £70m.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,592 Set by GRIFFIN

ACROSS

1 Many a lax sailor's in prison (9)
6 By end of April I accepted danger (5)
[illegible] [illegible] we dropped, only [illegible]
10 [illegible] new coarse filling when absorbed ([illegible]
11 Irish lady [illegible] in [illegible] (10)
12 [illegible] shabby (4)
14 Obviously undecorated, lay [illegible] (7)
15 Break [illegible] the German [illegible] (7)
17 Tempts with diamonds an [illegible] round (7)
19 Recommends rider to take lift (7)
20 Team returns carrying live goat (4)
[illegible] Plant to cultivate in a convent (10)
[illegible] I wondered about getting [illegible] quilt (9)
26 Snooker ball we [illegible] centre (5)
27 Church Hill at first light (5)
28 Deserted group one finds in [illegible] (9)

DOWN

1 Game which people [illegible] Christmas (5)
[illegible] Which [illegible] friction [illegible] art club somehow [illegible]
[illegible] Impudence after drinking [illegible] traffic delays (10)
[illegible] Careless lover always looking [illegible] cover (7)
5 Busy journalist grabs an egg, scrambled (7)
6 Forward old man embraces redhead (4)
[illegible] Pipe up! (5)
8 Spotted insects [illegible] prison, sadly deformed [illegible]
13 Poor old Al is married, which [illegible] (10)
14 Bush, perhaps, I'd put in here (9)
16 Extraordinary stamina shown by an Australian (9)
[illegible] [illegible] removed mother's tumour (7)
19 Flower and vegetable unit broken into (7)
21 Senior communist, the French upset (5)
23 Said why I'd include [illegible] Spanish bear [illegible]
[illegible] Cunning soldiers turn up central heating (4)

Solution to Puzzle No.7,591

[illegible]

هكذا منه بالأصل

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	July 10	July 9	July 8	July 5	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
φIndustrials	2944.77	2947.23	2961.99	2932.47	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.17	94.16	94.27	94.45	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1205.04	1207.51	1211.74	1195.70	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	195.17	196.62	198.00	197.56	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

φDay's High 2990.83 (2980.10) Low 2927.77 (2934.13)

STANDARD AND POOR'S

	July 10	July 9	July 8	July 5	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	375.74	376.11	377.94	374.08	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	448.08	448.74	451.20	446.19	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.39	29.31	29.18	28.94	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	205.87	205.98	206.73	204.92	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	361.94	360.55	359.87	359.41	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	487.17	483.64	479.51	474.05	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 5	June28	June21	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.16	3.07	3.71

	Jul 3	Jun 26	Jun 19	year ago (approx.)
S & P Industrial div. yield	2.81	2.83	2.80	2.96
S & P Indl. P/E ratio	18.77	18.68	18.85	16.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
RJR Nabisco	2,972,600	11	+ 1/8
Pepsico	2,548,100	28¾	- 1¼
Cadence	2,323,300	15	- 3⅝
Telefonos	2,198,800	28¾	+ ⅞
Columbia Gas	1,918,700	15⅞	- ⅞
Fannie Mae	1,868,100	51⅞	+ ⅞
Wal-Mart	1,823,700	44⅝	....
Nike Inc B	1,765,200	42½	+ 1¼
Beazer ADR	1,722,400	4½	....
Philip Morris	1,633,900	66¼	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	July 10	July 9	July 8
New York SE	178.170	151.430	138.220
Amex	12.455	10.338	9.751
NASDAQ	151.481	151.487	121.787
NYSE			
Issues Traded	2,063	2,058	2,061
Rises	843	799	891
Falls	700	745	633
Unchanged	520	514	537
New Highs	76	60	34
New Lows	16	13	14

CANADA

TORONTO	July 10	July 9	July 8	July 5	1991 HIGH	1991 LOW
Metals & Minerals	3194.80	3178.44	3156.35	3160.20	3284.18 (5/3)	2632.06 (9/1)
Composite	3504.17	3497.39	3488.81	3482.21	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1866.25	1861.59	1852.68	1848.60	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 11	July 10	July 9	July 8	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1534.2	1542.8	1538.8	1525.7	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	682.7	690.0	687.8	678.5	690.0 (10/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	492.66	491.88	492.17	486.43	534.81 (16/4)	398.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1148.92	1147.37	1146.59	1141.95	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	378.07	376.30	374.31	372.85	378.07 (11/7)	302.28 (8/1)
FINLAND						
HEX General (28/12/90)	978.8	972.9	970.9	965.3	1186.9 (8/4)	890.5 (25/1)
FRANCE						
CAC General (31/12/82)	467.00	463.05	462.12	458.79	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1754.03	1757.38	1734.45	1714.30	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	684.81	684.82	681.96	677.53	717.43 (17/6)	578.48 (15/1)
Commerzbank (1/12/53)	1929.6	1930.3	1921.9	1908.8	2055.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1637.95	1634.74	1627.63	1605.04	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3892.12	3981.23	3904.19	3880.73	3917.09 (20/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1355.40	1354.65	1366.56	1361.94	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	568.11	569.82	573.95	572.78	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22937.92	23121.98	22608.96	22176.17	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1798.87	1798.05	1752.98	1729.91	2028.85 (18/3)	1625.80 (17/1)
2nd Section (4/1/68)	3114.39	3082.30	3013.44	3045.15	3423.45 (18/6)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	608.76	608.11	603.22	604.84	635.82 (29/5)	478.41 (16/1)
NETHERLANDS						
CBS Tit.Rtn.Gen.(End 1983)	278.2	277.8	276.4	273.4	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	198.2	197.9	197.0	194.8	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	771.97	771.18	764.72	756.20	792.13 (4/6)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	984.14	990.31	1001.86	1027.08	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	396.42	397.06	394.67	391.67	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1391.0	1445.0	1426.0	1466.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	3968.0	4036.0	3949.0	3907.0	4036.0 (10/7)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	621.74	614.15	614.42	617.10	697.42 (4/1)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	264.08	267.54	268.79	268.93	289.22 (18/3)	213.78 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1149.8	1139.8	1132.2	1127.2	1149.8 (11/7)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	756.1	749.2	744.6	764.1 (31/5)	590.4 (14/1)
SBC General (1/4/87)	(u)	625.3	619.8	616.0	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5372.32	5456.08	5383.88	5318.81	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	689.98	700.19	714.27	726.34	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	487.8*	487.1	484.1	480.8	529.2 (17/4)	438.1 (16/1)

**Saturday July 6: Taiwan Weighted Price: 5412.61 Korea Comp Ex. 610.43.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 11 July 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kitano Const.	14.0	2,170	+140	Toshiba	3.8	772	+2
Nippon Carbon	10.0	900	+30	Victor	3.8	1,840	+30
Citizen Watch	4.7	1,070	+20	Hitachi	3.7	1,170	-20
Clarion	4.7	1,030	+70	Nippon Steel	3.6	418	+3
Akai Electric	3.8	1,200	+100	Chiyoda	3.0	2,170	+100

■ Owing to technical problems at source, the latest prices available for US and Canadian markets were 10am EST.

10:00 am prices July 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	8¼	AAR Corp	0.48	0.03	15	39	14⅞	14⅞	14⅞	+⅛
18¾	14½	A L Labs A	0.16	0.01	17	z100	16	16	15⅞	
55½	40⅞	AMP Inc	1.44	0.03	20	80	52⅞	52⅞	52⅞	+⅛
68⅝	44¼	AMR			19	497	66⅝	66	66⅛	+⅛
2⅝	1¼	ARX			1	39	1⅝	1½	1½	
59	41½	ASA	3.50	0.06	15	96	54⅝	54⅜	54⅜	−⅛
54	39¼	Abbot Lab x	1.00	0.02	22	1100	51⅜	50¾	50⅞	−⅛
14½	9⅞	Abitibi Pr x	0.50	0.04	26	47	13¾	13⅞	13¾	
11⅝	10⅜	ACM Gvt In x	1.26	0.11		167	11⅛	11	11	−⅛
9¾	8¾	ACM GvOpp x	1.01	0.11		24	9¼	9⅛	9⅛	−⅛
9¼	8¼	ACM Gvt Sp x	1.01	0.11		25	8⅞	8⅞	9	
11	9⅞	ACM Gvt Se	1.20	0.12		43	10⅜	10⅝	10⅝	−⅛
8⅞	7⅝	ACM Man x	1.01	0.12		49	8⅛	8⅛	8¼	
12⅞	11½	ACM Mangd x	1.35	0.11		30	12⅛	12	12⅛	
7½	4⅞	Acme Cleve	0.40	0.06	14	z100	6¼	6¼	6⅛	
6	3½	Acme Elect			38	5	4	4	3⅞	
40	22¾	Acuson			24	66	32⅞	32⅞	32⅞	+½
18½	14¾	Adams Expr	0.73	0.04	9	4	18	18	18	
20⅛	18	Adobe12Pf	2.40	0.13		56	18⅞	18⅜	18⅞	
9¼	6¾	Adobe Res			20	128	7	6⅞	7	
38⅜	18	Ad Micro			18	36⅝		36	35⅞	
14¼	4⅝	Ad Micro P	3.00	0.24	14	821	12⅝	12½	12⅝	+⅛
5⅛	2¼	Advest Grp	0.16	0.04	5	30	4¼	4¼	4¼	
48⅛	33⅞	Aetna Ll	2.76	0.07	8	96	42	41¾	41¾	
10⅝	6⅝	Affil A	0.24	0.03	35	271	8¾	8¾	8¾	−⅛
20⅛	12	Ahmanson	0.88	0.05	10	181	17½	17⅜	17½	+⅛
12⅞	2⅞	Aileen Inc			18	40	u12⅞	12½	12⅝	+½
74⅛	51⅜	Air Pr Chm x	1.44	0.02	15	65	67⅛	67	67	−⅛
25⅝	16⅜	Airbne Frt	0.30	0.01	15	14	25½	25½	25⅝	
18⅞	12½	Airgas Inc			71	44	15	14½	15	
15¼	10	Airlease	2.29	0.18	6	28	12½	12⅞	12⅞	
94	[illegible]	AlaPw8.16				2	91	90	90	

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	11½	SCOR US Cp	0.24	0.02	6	14	12⅞	12⅞	12⅞	
37	28¾	SPS Techno	1.28	0.05	16	88	27⅞	27½	27½	
2½	⅞	Saatchi&S			0	66	1⅛	1⅛	1⅛	+⅛
13	11	Sabine Rr x	1.88	0.15	7	65	12⅛	12	12⅛	
9⅞	6⅞	Salecard	0.16	0.02	8	8	8½	8½	8½	
13⅛	8⅞	Salog'd Sc			3	5	12⅛	12⅛	12	
37	26	SafetyKln	0.32	0.01	30	121	31⅞	31¾	31¾	+⅛
21⅞	11⅞	Safeway			19	81	19	19	19	+⅛
4⅞	2⅞	SalewayWt				22	4¼	4⅛	4⅛	-⅛
35⅞	28⅞	StJoePaper	0.20	0.07	32	16	33⅞	33⅞	33⅞	
32	28⅞	StJoeL&P	1.86	0.06	10	5	28⅞	28⅞	28⅞	
4¼	1⅞	Salant Crp			0	2	3¼	3¼	3¼	
65⅞	43⅞	Sallie Mae	0.66	0.01	17	668	55½	55⅛	55½	+⅛
13⅞	10⅞	Salomon Br	0.60	0.05		18	12⅞	12⅞	12⅞	
38	22¼	Salomoninc	0.64	0.02	7	334	34	33½	33⅞	+⅛
45¼	37⅛	SalDgo G&E	2.70	0.07	10	286	37⅞	37⅛	37⅛	
4⅞	2⅛	SantaFeEBs	0.60	0.19	14	56	3⅛	[illegible]	3⅛	
18⅞	12⅞	SantaFeERs	0.16	0.01	42	23	12⅞	12⅞	12⅞	+⅛
30⅞	25	SantaFePac	2.60	0.09	9	26	29⅞	29⅛	29⅛	
9⅞	5⅛	SantaFeSth			25	40	8⅛	8⅛	8⅛	+⅛
43½	29⅞	Sara Lee	0.94	0.02	19	367	41⅞	40⅞	41	
⅞	⅞	Savin Corp			1	30	0 11	0 11	⅞	
7⅞	1⅞	Savin 0.80	0.48	0.13		31	3⅞	3⅞	3⅞	
38	33½	Scana Corp	2.62	0.07	8	3	37⅞	37⅞	37⅞	+⅛
40	36	ScwCorp x	2.64	0.07	10	224	39⅞	39⅛	39⅛	+⅛
54	40⅞	ScheringPl	1.32	0.03	19	532	50⅞	50⅛	50⅛	+⅛
65	50½	Sch'berger	1.20	0.02	24	806	59	58⅞	59	+⅛
27⅞	11⅞	Schwab(C)	0.16	0.01	31	214	u28	27½	27⅞	+⅞
8⅞	3⅞	Schwitzer			14	43	7⅛	7⅛	7⅛	
21⅛	14⅛	Xtra 1.94				10	20⅛	20⅛	20⅛	
24⅞	14⅛	Xtra Corp	0.72	0.03	31	3	24⅛	24⅛	24⅛	
24⅛	21⅛	Yankee Egy	1.60	0.07	12	11	22⅞	22⅞	22⅞	+⅛
1½	⅞	Zapata				0	346	⅞	⅞	
9⅞	6⅞	ZenithElec			2	100	6⅞	6½	6½	
16½	12	Zenith Nat	1.00	0.05	76	30	16⅛	16	16⅛	+⅞
6⅞	4½	Zeolx Inc	0.90	0.16		z100	6⅛	6⅛	6	
15⅞	10⅞	Zero Corp	0.40	0.03	15	2	14	14	14	
41⅞	29½	Zurn Ind	0.88	0.02	14	20	35½	35⅛	35⅛	
12⅞	10⅛	Zweig Fund x	1.12	0.09		22	12⅛	12⅛	12⅞	
10	8½	Zweig Tot x	0.96	0.10		65	u10	9⅞	10	+⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

10:00 am prices July 11

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pall Corp	0.44	27	135	36⅛	35⅛	35⅛	+⅛
Pegasus G		6	79	13⅞	13⅛	13⅛	-⅛
Perini		7	21	11	10⅛	10⅛	-⅛

NASDAQ NATIONAL MARKET

10:00 am prices July 11

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xoma Corp		14	169	26	25⅞	26	+⅛
Yellow Fr	0.94	14	z100	29⅞	29⅞	30	
York Rsch		17	465	18	17½	18	
Zions Bk x	1.44	8	346	41½	40⅛	40⅛	

AMERICA

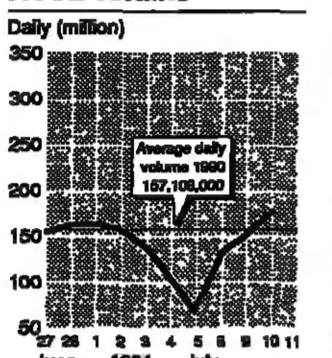
Caution over earnings keeps equities in check

Wall Street

SHARE PRICES fluctuated in a narrow range yesterday morning as the market struggled to find a reason to push stocks higher, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was up 4.25 at 2,949.02. The more broadly based Standard & Poor's 500 was up 0.44 at 376.18, while the Nasdaq composite of over-the-counter stocks rose 0.37 to 487.54. Turnover on the New York Stock Exchange was 91m shares, while rises outpaced declines by 720 to 630.

NYSE volume



The market, said observers, should have been lifted by the news that President Bush had reappointed Mr Alan Greenspan as chairman of the Federal Reserve. Although Mr Greenspan is hawkish on inflation and careful about cutting interest rates too much, his handling of the economy during his first four years won him many supporters in the financial markets.

More good news on unemployment, they said, with the number of people claiming jobless insurance falling 35,000 in the last week of June, should also have boosted sentiment. However, there is a feeling that the market remains overvalued based on current earnings, and in the middle of a difficult reporting season investors are likely to be cautious about buying stocks.

Among individual issues, Pepsico firmed $¼ to $28¾ on turnover of 1.5m shares. On Wednesday the stock fell after an analyst downgraded his rating for Pepsico because of weak sales at its food snack unit, Frito-Lay. Yesterday's recovery followed the news that the head of Frito-Lay had revealed plans to drop about a third of the unit's 340 products and streamline its management.

JP Morgan fell $¼ to $52⅝ in spite of another strong set of quarterly earnings. The banking group reported income of $231m, down on the exceptional first quarter revenues of $273m, but 12 per cent higher than second quarter 1990 income. The rest of the banking sector was generally steady, with Bankers Trust up $⅛ at $51 and Chemical Bank $⅛ higher at $23.

Time Warner held firm at $93 *after the entertainment group admitted that it was considering* changing the structure of its planned rights issue because of shareholder and Securities and Exchange Commission disquiet.

Eli Lilly fell $2⅝ to $70⅛ after several sector analysts trimmed second quarter earnings estimates, in the wake of guidance from the drug company that the analysts' forecasts were too high.

On the over-the-counter market Ashton-Tate, which on Wednesday agreed to be acquired by Borland International for $15.50 a share, was again the most actively traded issue. Ashton-Tate edged $⅛ higher to $16 on turnover of 3.5m shares. Borland International rose $⅛ to $47⅛.

CPC International slumped $3⅛ to $83⅝ after reporting a rise in second quarter income *to $1.34 a share, below market* expectations.

Canada

TORONTO stocks were unchanged at midday, in the absence of any market-moving news. The composite index was up 0.9 to 3,505.10 on volume of 10.1m shares. Advances led declines by 219 to 194.

The gold and silver index continued to fall, losing 121.73 to 5,422.63 on weaker bullion prices. Inco rose *C$⅛ to C$43* as nickel prices held around recent firm levels.

Laidlaw gained C$⅛ to C$12⅛, after reporting better-than-expected earnings for the third quarter. Canfor fell C$1½ *to C$26¼ after saying it would* issue 3m common shares at C$26⅛ each.

EUROPE

Bourses relieved by steady German rates

THE DECISION by the German Bundesbank to leave interest rates unchanged yesterday was greeted with relief, but not euphoria, as most bourses ended flat. Spain fell sharply *on domestic concerns,* while Sweden and Denmark hit 1991 highs for the second day running, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Jul 11

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1108.28	1107.54	1108.72	1109.31	1108.75	1108.54	1109.54	1109.88

Day's High 1111.70 Day's Low 1108.75

Jul 10	Jul 9	Jul 8	Jul 5	Jul 4
1109.33	1102.41	1090.75	1098.71	1099.95

Base value 1000 (26/10/90)

MADRID was pulled lower by the construction and utility sectors, as investors waited nervously for today's inflation figure. The general index fell 3.46 or 1.3 per cent to 264.06 in turnover of about Pta14bn, up from Pta12.8bn.

Building stocks continued to fall on fears of cuts in infrastructure spending. Asland, the *cement group, dropped Pta165* to Pta2,710 and Dragados shed Pta140 to Pta2,270.

In the utility sector, Hidrocantabrico fell Pta40 to Pta1,900 on volume of 986,168 shares, including a large block.

FRANKFURT managed another small rise as it waited for news of the Bundesbank. The DAX index closed 3.11 higher at 1,637.85 after the FAZ finished flat, 0.01 lower at 694.81, at midsession.

Volume rose from DM5bn to DM6bn, inflated a little by the dividend payments season. Veba topped the actives list in turnover of DM703m just before it went ex dividend in the post-bourse. In London, ex dividend, Veba closed DM4.10 *lower at DM335.*

The Bundesbank's decision to leave interest rates unchanged, discounted in bank share prices on Wednesday, made little difference to German prices in the London post-bourse. Banks stayed flat, during and after hours.

Chemicals and retailers were strong. Karstadt, the department stores group, gained DM14 to DM658 on several buy recommendations.

Mr Darren Williams, at UBS Phillips & Drew, disagreed with comments that the central bank was tightening monetary policy in lowering the M-3 money supply target from a 4-6 per cent to a 3-5 per cent range. This was a statement, said Mr *Williams, of the bank's intention* to act if money supply rose in its view by more than a tolerable level.

STOCKHOLM advanced steadily in active trading, after the disclosure by Astra that it had started selling Plandil, a blood pressure medicine, in the UK. An analyst said that Stockholm had anticipated the Astra move, but had still reacted favourably to the news.

The Affärsvärlden General index gained 10.00 to 1,149.10, a year's high, in turnover of SKr369m. Astra free B shares rose SKr13 in early trading, but finished only SKr2 up at SKr387.

COPENHAGEN pushed to another year's high in moderate trading. The bourse index gained 1.77 to 378.07. Increased foreign investment, low inflation, and a belief that the economy was improving had triggered the recent rally, according to Bikuben, the Danish brokers. Among the winners, ISS rose DKr18 to DKr833.

AMSTERDAM ended off the day's high after a quiet session. The CBS Tendency index *finished at 93.6, 0.1 off the* day's high but 0.5 up on Wednesday's close.

Harbour stocks were marked up on reports of progress in talks between unions and management to end strike action by some general cargo workers in Rotterdam. Pakhoed, the shipping and transport company, ended Fl 6.50 up at Fl 187.

MILAN lost its early gains. Trading was thin and concentrated on technical transactions linked to today's expiry of the monthly stock options and the end of the July trading account next Tuesday. The Comit index fell 1.71 to 568.11 in volume similar to Wednesday's thin L77bn.

The insurance sector was troubled by Consob's suspension of Fata Assicurazioni, the insurer majority-owned by the failed agriculture co-operative, Federconsorzi. The shares fell 5.7 per cent *to L10,800 on* Wednesday on fears that Federconsorzi would have to sell its holding.

PARIS marked time before the Bundesbank meeting, and failed to show much response to the news that it had left interest rates unchanged. The CAC 40 index moved between a low of 1,747.96 and a high of 1,763.68 before settling in the middle of the day's range at 1,754.03, down 3.35.

ISTANBUL took fright at a report of higher deposit rates at two medium-sized banks. The index fell 95.82 or 2.6 per cent to 3,540.14, a loss of 205.36 points since last Friday.

ASIA PACIFIC

Nikkei falls back in options-related trading

Tokyo

OPTIONS-RELATED trading shook the market yesterday, and share prices fluctuated before leaving the 225-share Nikkei average lower on balance, *writes Emiko Terazono in Tokyo.*

The Nikkei ended 183.38 down at 22,937.92, below the 23,000 support level. The index opened at the day's high of 23,089.81 and fell to a low of 22,877.71 in the afternoon.

Volume *eased to 260m shares* from 270m, as activity remained subdued on the second day of the suspension of the Big Four brokerages – Nomura, Daiwa, Nikko and Yamaichi – from corporate business.

Market share of the Big Four was estimated at 13.5 per cent. A leading US securities house climbed to the top of the list, accounting for 6.1 per cent of trading. Traders said the US brokerage's programme selling in the afternoon had depressed the Nikkei index.

Advances still led declines, however, by 493 to 427, with 161 issues unchanged. The Topix index of all first section stocks was left with a minor 0.82 gain at 1,798.87, and in London trading the ISE/Nikkei 50 index eased 1.52 to 1,392.71.

There was heavy index-related activity, connected with the July options expiry, late in the afternoon. Rumours that *further revelations of scandals* including politicians were expected also triggered selling.

Speculative issues rose on buying by individuals. Clarion gained Y70 to Y1,030 and Kitano Construction added Y140 at Y2,170. Nippon Carbon closed Y30 up at Y900 after reaching Y910, a year's high, on rumours that speculators were buying the stock.

Industrial Bank of Japan climbed Y100 to Y3,320 as the issue was considered cheap after its recent weakness.

Victor of Japan, the medium-sized audio maker, was up Y20 at Y1,840 after touching a year's high of Y1,880. Investors welcomed the recent news that the company was linking up with Sega Enterprises, the video game maker.

Fuji Photo Film retreated Y40 to Y3,630 on profit-taking. The issue had rallied over the past two days on buying by foreign investors. Other international blue chips also fell, with NEC down Y50 at Y1,470 and Sony Y70 off at Y6,440.

Tobishima, the construction company in financial trouble after making extensive loans to Nanatomi, a land speculator, advanced Y36 to Y857. Reports that Tobishima had decided to buy a resort from Nanatomi encouraged investors.

In Osaka, the OSE average rose 398.78 to 25,894.46 on volume of 13m shares, down from 17m. Nintendo, the game maker, receded Y100 to Y13,000 as investors sold illiquid small-capital issues. The high margin position of the stock also discouraged investors.

Roundup

TOKYO'S relapse weighed on the Pacific Rim yesterday.

AUSTRALIA was pulled lower by a decline in gold shares and the fall in Tokyo. The All Ordinaries index lost 8.7 to 1,534.1 and the gold index dropped 30.0 to 1,127.1.

Volume rose to A$467m from A$190m, inflated by the A$146m sale of Poseidon Gold's *11.9* per cent stake in Newcrest at A$1.10 a share. Newcrest lost 8 cents to A$1.18. Placer Pacific fell 8 cents to A$2.44.

NEW ZEALAND gained 1.5 per cent as a weak local dollar encouraged foreign investors. The NZSE-40 index, which is replacing the Barclays index, moved ahead 22.56 to 1,492.47 as turnover picked up to NZ$18.2m from NZ$14.3m.

Fletcher Challenge put on 5 cents to NZ$3.88 on volume of 1.6m shares, and Carter Holt Harvey, the forestry company, rose 6 cents to NZ$1.79.

SEOUL recovered after two days of declines, on signs of easing interest rates. The composite index rose 7.59 to 621.74 in volume of Won270.6bn.

News that domestic automakers increased their car sales during the first six months of this year by 20 per cent from the same period last year encouraged investors.

HONG KONG *fell in active* trading. The Hang Seng index moved within a 29-point range, eventually losing 9.11 to close at 3,892.12. Volume softened to HK$1.51bn from HK$2.07bn.

SINGAPORE lost some of the gains made earlier this week. Trading was light. The Straits Times Industrial index shed 4.71 to 1,471.46. Volume shrank from S$90m to S$74.5m.

KUALA LUMPUR declined, adversely affected by lack of buying, profit-taking and the easier trend in Tokyo. The composite index dipped 4.35 to 603.76. Turnover rose slightly to 33.1m shares from 30.6m.

MANILA was steady for most of the day but was dragged down towards the close on news of foreign selling in Makati. The composite index slipped 6.17 to 984.14 in volume of 92.6m pesos after 125.4m.

TAIWAN tumbled in light trading. The weighted index *dropped 144.48 or 2.6 per cent* to 5,312.32 in volume of T$19.9bn, against T$21.5bn.

BANGKOK fell for the third consecutive day. The SET index lost 11.21 to 688.98 in trading worth 2.13bn baht.

BOMBAY advanced for a second day on government promises of economic reforms. The BSE index gained 31.96 or 2.3 per cent to 1,420.75.

Singapore sags after ebullient first quarter

Interest rate fears and falling property values were excuse enough to take profits, says Joyce Quek

THE SECOND quarter has been a subdued affair on the Singapore stock market, after its impressive rally in the first three months of the year.

By the end of March, Singapore had risen by 25.9 per cent in local currency terms, the best FT-Actuaries index performance in the Pacific and the fourth best showing in the world, after Mexico, Sweden and Spain.

Regarded as one of the most oversold markets in the wake of the Gulf crisis, it attracted an enormous influx of liquidity from domestic and foreign investors. *Daily trading volume* reached an an all-time high of 250.4m shares by the middle of March.

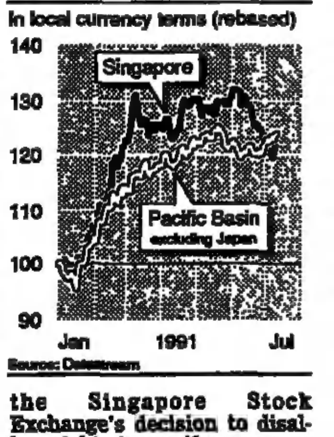
Other factors fuelling the rally included signs of falling interest rates, expectations that the stock market was catching up after a fall of 17.8 per cent in 1990, and hopes of an economic recovery in the US, one of Singapore's main trading partners.

Since the end of the first quarter, Singapore has retreated 4.4 per cent. Volume has fallen to between 30m and 50m shares a day. Ironically, the Straits Times Industrial index, which does not include banks, reached a 1991 peak of 1,565.58 on June 3, up 35.7 per cent *on the year, but on very* thin volume. It has since receded 5.7 per cent.

Expectations of rising interest rates, to rein in inflation, and falling property values were excuse enough to take profits or divert funds to other Asian markets after a heady first quarter. Furthermore, Singapore failed to be encouraged by Wall Street's record-breaking rise, preferring to be influenced by Tokyo's weakness. Financial scandals affecting leading Japanese and Malaysian securities houses have also harmed sentiment.

Another negative factor was the Singapore Stock Exchange's decision to disallow rights issues if a company does not use the funds raised for specified purposes. In the case of UIC, the diversified holding company, the rights issue veto fanned fears that the company would have to sell assets instead, and the share *price fell heavily.*

FT-A World Indices



Source: Datastream

Analysts are mildly optimistic about the stock market over the next three months. Strong underlying earnings growth and steady expansion in gross domestic product (GDP) should help to offset the government's tight monetary policy, which is expected to show no signs of loosening until inflation begins to fall.

Mr Paul Sevigny of Ong Research believes the best value in Singapore is the transport sector – shipping, airlines and local road transport companies – as well as banking and electronics.

Mr James See, Kim Eng Securities director, considers that Singapore banks are still cheap. They are enjoying their highest lending margins since 1986, have the highest reserve ratios (12 per cent compared with the recommended 8 per cent) and are among the lowest *price/earnings ratios in the* world.

He forecasts that the market will be lifted by second-quarter GDP growth of 7 to 8 per cent, in line with the first quarter. Most analysts are revising their forecasts for GDP growth to around 8.4 per cent for the year, against the official projection of 6 to 8 per cent.

A flurry of flotations could attract funds back into equities. Compared with the earlier public issues of GP Batteries and Inter-Roller Bearings, oversubscribed by 14.1 and 6.6 times respectively, the latest batch looks set for an even better reception.

Four of the six new issues are from the government's *Singapore Technologies group.* CSA Holdings, the computer company, was recently oversubscribed 48 times and SAL Industrial Leasing is set to top that figure. The question is whether these successes will divert funds from stocks already in the market.

SOUTH AFRICA

JOHANNESBURG succumbed to profit-taking after its record-breaking rise. The industrial index fell 68 to 3,968 and the all-gold index lost 54 to 1,391. The all-share index dipped 69 to 3,439. De Beers fell R1.45 to R86.65.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 10 1991								TUESDAY JULY 9 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	143.22	+0.5	130.95	125.39	135.07	124.31	+0.4	5.17	142.53	130.24	124.87	134.88	123.86	147.30	112.74	151.45
Austria (20)	175.76	+0.0	160.70	153.88	165.76	165.89	+0.1	1.67	175.82	160.66	154.05	166.14	165.88	222.37	167.00	253.06
Belgium (49)	124.53	+0.1	113.86	109.01	117.44	114.70	+0.0	5.14	124.38	113.65	108.96	117.53	114.72	151.20	121.73	151.27
Canada (115)	138.62	+0.1	126.75	121.36	130.73	115.19	+0.1	3.36	138.47	126.53	121.31	130.83	115.05	142.27	126.49	138.14
Denmark (37)	244.43	+0.6	223.49	214.00	230.52	233.63	+0.6	1.61	243.01	222.06	212.91	229.63	232.19	270.56	217.74	281.48
Finland (16)	93.58	+0.2	85.57	81.94	88.26	85.78	+0.6	2.81	93.38	85.32	81.81	88.23	85.27	125.15	90.00	135.18
France (114)	124.85	+1.4	114.15	109.29	117.73	120.49	+1.2	3.67	123.07	112.48	107.82	116.28	119.02	152.26	120.80	157.30
Germany (65)	104.49	+0.6	95.54	91.49	98.54	98.54	+0.4	2.27	103.84	94.88	90.99	98.12	98.12	125.35	102.03	138.94
Hong Kong (55)	163.04	-0.1	149.07	142.73	153.76	162.45	+0.0	4.77	163.19	149.11	142.97	154.20	162.53	163.19	119.62	142.84
Ireland (18)	140.62	-1.0	128.57	123.11	132.62	134.33	-1.0	3.80	142.02	129.77	124.43	134.19	135.62	182.46	132.88	186.50
Italy (77)	71.71	-0.7	65.57	62.78	67.63	72.31	-0.9	3.24	72.20	65.97	63.25	68.22	72.96	88.23	70.54	104.06
Japan (474)	126.83	+2.5	115.97	111.04	119.63	111.04	+2.4	0.76	123.73	113.06	108.40	116.92	108.40	146.97	118.35	150.91
Malaysia (68)	227.72	+0.5	208.21	199.36	214.76	244.52	+0.5	2.68	226.70	207.15	198.61	214.21	243.25	247.78	192.83	236.18
Mexico (18)	1068.32	+2.5	976.80	935.29	1007.52	3522.23	+2.5	1.52	1041.91	952.06	912.83	984.52	3435.16	1078.72	534.45	514.35
Netherland (31)	131.87	+0.7	120.57	115.45	124.37	122.93	+0.5	4.36	130.95	119.66	114.73	123.74	122.29	145.73	125.70	140.97
New Zealand (13)	47.71	+0.2	43.62	41.77	45.00	45.03	+1.0	7.79	47.64	43.53	41.74	45.02	44.59	54.64	41.18	67.78
Norway (32)	191.39	+1.4	174.99	167.56	180.50	183.92	+1.3	1.60	188.72	172.45	165.34	178.33	181.48	223.24	182.24	243.14
Singapore (38)	191.46	+1.0	175.06	167.62	180.57	155.24	+1.1	2.20	189.62	173.27	166.13	179.18	153.58	208.25	151.83	205.22
South Africa (61)	255.38	+5.1	233.50	223.58	240.84	176.64	+1.9	3.10	243.09	222.12	212.97	229.69	173.37	255.38	173.00	183.55
Spain (55)	140.71	-0.3	128.65	123.19	132.70	121.31	-0.5	4.42	141.11	128.94	123.63	133.34	121.92	171.12	131.51	177.92
Sweden (26)	188.40	+0.9	172.25	164.94	177.68	183.17	+0.9	2.48	186.65	170.56	163.53	176.37	181.54	204.12	146.60	229.78
Switzerland (58)	88.77	+1.1	81.16	77.72	83.73	86.51	+1.0	2.23	87.83	80.25	76.95	83.00	85.62	100.67	82.17	108.44
United Kingdom (240)	161.95	+0.7	148.08	141.77	152.72	148.08	+0.7	4.98	160.85	146.98	140.91	151.98	146.98	187.44	156.27	171.31
USA (528)	152.17	-0.1	139.13	133.23	143.52	152.17	-0.1	3.17	152.29	139.16	133.43	143.91	152.29	158.24	125.95	145.97
Europe (838)	130.08	+0.6	118.94	113.89	122.69	121.23	+0.6	3.93	129.25	118.11	113.24	122.14	120.54	151.52	125.50	152.70
Nordic (111)	181.89	+0.8	166.12	159.06	171.35	168.35	+0.8	1.95	180.21	164.67	157.89	170.28	166.97	200.81	155.55	213.65
Pacific Basin (717)	128.28	+2.3	117.29	112.31	120.98	112.80	+2.2	1.13	125.41	114.59	109.87	118.50	110.35	145.92	717.86	150.50
Euro-Pacific (1555)	129.32	+1.6	118.24	113.21	121.95	116.94	+1.6	2.25	127.25	116.28	111.48	120.23	115.15	147.68	121.29	151.79
North America (641)	151.25	-0.1	138.29	132.43	142.66	149.68	-0.1	3.18	151.35	138.30	132.62	143.04	149.79	157.04	125.91	145.40
Europe Ex. UK (598)	110.87	+0.6	101.37	97.06	104.56	105.65	+0.5	3.18	110.20	100.70	96.57	104.15	105.17	129.80	106.85	140.06
Pacific Ex. Japan (243)	142.63	+0.3	130.41	124.89	134.53	128.42	+0.3	4.53	142.18	129.92	124.56	134.36	128.00	145.66	111.40	144.72
World Ex. US (1747)	131.52	+1.7	120.26	115.15	124.04	118.39	+1.5	2.30	129.36	118.23	113.36	122.26	116.61	148.16	122.32	151.85
World Ex. UK (2033)	135.14	+1.0	123.57	118.32	127.47	127.02	+0.9	2.37	133.78	122.23	117.20	126.40	126.64	145.77	120.06	146.42
World Ex. So. Af. (2212)	136.71	+1.0	124.99	119.69	128.94	128.60	+0.9	2.82	135.43	123.75	118.66	127.96	127.45	148.66	122.92	148.41
World Ex. Japan (1799)	144.46	+0.3	132.09	126.48	136.25	135.83	+0.2	3.50	144.01	131.60	126.18	136.10	135.54	152.83	126.69	148.92
The World Index (2273)	137.50	+1.0	125.72	120.35	129.69	129.03	+0.9	2.93	136.14	124.40	118.26	128.65	127.85	149.01	123.28	148.82

Constituent change with effect 12/7/91: Deletion: Ciments Francais (France). Name change (11/7/91): Taisho Marine & Fire to Mitsui Marine & Fire (Japan).
Latest prices were unavailable for this edition.